578 "aginst the trend of the time"; as "immoral," "corrupt," "lazy," "egotistic," "too cautious" and for gambling, smoking opium, and frequenting brothels. Mothers were more gently and less often criticized, but were reproached for "political backwardness," "unhygienic habits," "gossiping, playing mah-jong, quarrelling [and] ill treatment of young daughters-in-law." College students also reported more actual disagreements with parents than did high school students. The most frequent subjects of disagreement were marriage, politics, education, participation in the students' movement, recreation, modern hygiene, and fashions, friends, and future professions.[6]

E. Effect on Family Economic Role

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The decreasing ability of the family to function as a production and consumption unit or as an employment agency in an industrial society has already been pointed out. The initial break with the old form of employment was forced by foreign firms or government services headed by foreigners. Their prohibition against officers hiring or recommending relatives was only beginning to be copied by wholly Chinese institutions such as banks, factories, and schools in the years before World War II. Where the employment of relatives was forbidden, friendship, a common birthplace, training in the same school, or membership in the same secret society often provided the basis for a personal link between an employer and a prospective

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[6] Lang, op. cit., pp. 284-87. [p.176]

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596 employee and for the rise of cliques in business
572 and government offices.
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Scattered surveys of various strata of the population in industrial areas indicate that only at the upper managerial or owner level, where the facts of economic operation were most pressing, was the majority in favor of impersonal, rational selection of employees. Even in modern colleges, only about half the students appeared to favor that choice. With each successively lower economic level, the preference was more overwhelmingly for selection on the basis of kinship.[7]

F. Effect on Social and Political Role

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867 With the collapse of the imperial system in 1912, the family was no longer fitted to serve as the social and political training ground of China. The political parties and modern schools, particularly the colleges and universities, now began to train youth for the new political world which was coming into being after 1911. No comparable institutions existed to inculcate in youth a moral and ethical code that would serve as a common guide in the new society. Attempts by the Kuomintang leaders during the period of the National Government to restore filial piety along with a revised Confucian code to the service of an increasingly authoritarian-minded state met

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369 villages. Town and citydwellers -- perhaps
20% of China's population -- kept their ties with
their native villages, returned there whenever
possible and many saw commercial activity in
the town only as means to the acquisition of
sufficient wealth to buy farming land and return
[162] to the village.[11] The town population, then, was
mostly made up of artisans and peasants plus
a small number of landlords retired officials
county functionaries and established merchant
[634] families. The county seats (hsien capitals) were
the centers for tax collection and administration
of the surrounding farm-villages and also served
as market towns where the peasant might sell
his crop and purchase the manufactured goods he
could not produce.

369 Town life for the average artisan was as
511 meager as that of his relatives in the village.
Long hours hard work low pay, few holidays
were the lot of most and living conditions were
generally poorer and more crowded than those
• [466] in the villages. Proprietors of many shops re-
quired their employees to live on the premises
so that they seldom visited their families. The
[262] diet of the town dweller was as poor as that of
the poor farmer -- mostly cereals vegetables,
and some condiments, and meat and fruit on
369 holidays only. Brief holidays were allowed at
the New Year the Ch'ing-ming festival, the
527 mid-Autumn festival, and the Dragon Boat festi-
val. On these occasions, townspeople usually
tried to return to their villages; if this was im-
possible they enjoyed such delicacies as they
could afford and strolled the streets, perhaps

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[11] Cf. Cressey, Land of the 500 Million, pp. 18-19. The 1953 Communist census credits cities and towns (undefined) with 13.26% of the Mainland population. Ibid., p. 18. [p.218]

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527 visiting friends and attending seasonal fairs and theaters.

369 Life in the towns was then closely linked with village life. But in the provincial capitals such as Tsinan, Nanking, and Foochow, life in some respects has been greatly altered by the modernization that spread from the coastal to the inland cities. The streets are paved and schools, newspapers, motion pictures, and radio make the people more aware of the outside world than are their cousins in the towns and villages. In Shanghai and other modern cities major industries built large dormitories for workers labor unions and political clubs developed as new foci for social activity. Yet the living conditions grew worse as workers moved into the cities. Crowding reached unbelievable proportions. The only comparable figures are for Chengtu, a city outside the East China area, but they suggest the dimensions of this problem in all urban centers. Chengtu, with predominantly one-storied buildings, had a population density of 50,000 per square mile, as compared with 22,500 per square mile in New York City.[12]
● [466] One survey suggests that workers in the newer industries were somewhat better off than workers in the traditional trades,[13] but their traditional holidays were shortened without in most cases
527 the introduction of a six-day week. In the crowde
369 cities the festivals of the agricultural year continued to determine the holidays -- although

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[12] Winfield op. cit. p. 88. These figures would seem to be for the period 1945-47.

[13] Lang op. cit., pp. 88-89.

184 565 a feeling of importance as he learned of the Communists' economic reconstruction plan. He derives a measure of pride of achievement when a steel plant is erected or when a bridge is built, although he may not really believe that the workers, as the Communists say, are the master of the new China. Other promosed benefits, including job security and welfare provisions, also add to the popularity of the Communist regim among the workers, despite the fact that most of these "benefits" still remain largely promises.

466 565 On the liability side of the Communist policy toward the worker are the lack of substantial wage increases, a harsher work schedule and loss of leisure time, and an illusory welfare program which the Communists themselves admit cannot be brought into the hands of the worker until he has worked still harder to produce still more. Thus the worker's attitude toward the government and its policy must depend on how much he believes in a glorious "tomorrow" and how well he can put up with the physical hardship of "today." The recent let-up in "labor emulation" drives and the sudden flurry of official warnings against driving the worker too hard appear to indicate that the laboring class is showing signs of possible exhaustion. In addition, the worker's attitude may also be greatly influenced by the rise of a new managerial class which is being fostered by the Communists and which, for whatever reasons, receives better treatment than do those who work on the

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565 production line. Foreign advisors had been employed in many factories in pre-Communist days, and many workers may have become accustomed to accepting the general excellence of Western technology. However, any government effort to impose foreign leadership in technical fields may injure the pride of the worke and provoke his resentment. Certainly the demoralizing effect of the privileged treatment accorded Russian technicians in Chinese factorie should not be underestimated.

There is little evidence that the Chinese worker has abandoned his aspiration of personal advancement in the material sense. Although here again the promotion of the young and ambitious to serve in the huge government machine may satisfy some of the workers, the lack of a substantial rise in their standard of living will lead many workers to feel that their aspirations cannot be fulfilled under the Communist regime.

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565 Handicraft workers and artisans, who have constituted the bulk of China's working class, are now dwindling rapidly. Many of them have gone to the factories. The remainder do not enjoy the esteem granted industrial workers and, as a result, are more dissatisfied than the miners, steel workers, and others whom the regime is attempting to please.

V. LABOR EMULATION AND PRODUCTION

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461 "Labor emulation" was copied from Soviet Russia and practiced by the Chinese Communists in the early 1940's in the Communist-controlled Shensi-Kansu-Ninghsi Border Region. It spread throughout Mainland China in 1950.

In a speech delivered by Lai Jo-yü, then general secretary and later chairman of All-China Federation of Trade Unions, at the Seventh All-China Congress of Trade Unions, it was stated that "the fundamental method in developing production is to lead the masses to take part in labor emulation, which is an effective way of mobilizing the broad masses to achieve the targets of the state plan."[17] In other words, "labor emulation" is a way of increasing labor productivity without increasing the cost of production.

It was the responsibility of the trade union cadres to initiate a labor emulation drive in a factory or a mine. In doing so, the following steps were taken: (1) workers were organized to discuss the state production plans; (2) the trade union, acting on behalf of the workers, signed collective contracts with the respective administrations; (3) production meetings were organized to discuss production problems; and (4) workers were organized to work out and submit "rationalization proposals"[18] and to popularize "advanced methods of work."[19]

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17. *People's China*, June 1, 1953, p.9.

[See next page for 18 and 19.]

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461 In the East China Region, labor emulation drives were accelerated in 1951 after the Communists had intervened in the Korean war. In the early phases, the Communists urged workers to lengthen their working day. In one case in an iron and steel factory in Kiangsu, the men worked sixteen hours a day.[20] The ten-hour working day became the rule in Shanghai, although the Communist labor law stipulated an eight-hour working day. As a result of the increase of working hours and an acceleration of production, industrial accidents and sick leave became more frequent. In July 1952, one-fourth of the workers of the No. 6 Iron and Steel Works in Shanghai asked for leave because of illness after an intensive "labor emulation" [845] drive.[21] In a cotton textile factory in Tsingtao, in the period January to June, 1952, more than half of the women workers who were pregnant suffered miscarriages.[22]

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18. "Rationalization proposals" are proposals submitted by workers to management to increase production through improved techniques, reduced costs of production, and the more efficient use of manpower. See Practical Dictionary of Economic Terms, pp. 9,016-17.

19. The campaign to popularize "advanced methods of work" corresponds to Stahkanovism in Russia as a means of increasing the efficiency of workers by popularizing the efficient methods used by "model" workers; see ibid., p. 9,057.

20. People's China, December 14, 1952, p. 5. p.3

21. Liberation Daily, Shanghai, 8/12/5

22. China Weekly, Jan. 19, 1953, pp. 7-8.

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461 During a labor emulation drive, those chosen to be "model" workers were honored and their experience and methods were publicized. In Shanghai, 251 "model" workers were awarded medals for their achievements at a conference held in their honor in May 1954. Local government leaders and some 1,200 outstanding workers were present at the ceremony.[23] Tsingtao is the home of the nationally known "labor heroine", Ho Chien-hsiu, who succeeded in cutting the proportion of cotton wasted on the spindles she tended from 1.5 per cent to 0.25 per cent. Her method has been introduced as standard practice throughout the textile industry; it is reputed to increase annual production by 44,460 bales of yarn.[24] Ho Chien-hsiu was sent as a worker's representative to the Chinese People's Political Consultative Conference held in Peking in November 1952.

VI. WAGES AND PURCHASING POWER

465 As a result of the Communist occupation and of continued inflation in East China, the methods of wage payment were in considerable confusion by 1952. The industrial cities of the five provinces of the East China Region had many different systems for paying their workers. Some were paid in terms of "commodity-equivalent" units,[25] and some were paid in terms of

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[23] NCNA, June 3, 1954.

[24] New China Monthly, Oct. 1951, pp. 160-61.

[25] "Commodity-equivalent" units were based on the price of essential commodities and used by Communists as savings deposits.

465 454 revealed that in 1951 the bank had nearly six times as many depositors as in 1950, and the majority of these depositors were industrial workers.[36] The increase of deposits was not necessarily an indication of an increase in earnings; it represents the system of "compulsory savings" which the Communists used to prevent inflation and to cope with the scarcity of consumer goods in Communist China. After "voluntary" contributions and compulsory savings, there was little money left for the workers to spend. Accordingly, the Communist reports of an increase in the standard of living are somewhat suspect.

VII. LABOR WELFARE

A. Labor Insurance and Health

745 466 The Chinese Communist promulgated Labor Insurance Regulations in March 1951 and revised them in January 1953. At first, they were applied only to enterprises employing one-hundred or more workers. After revision, the regulations were broadened to provide insurance for small enterprises. By the end of 1954, more than 5,380,000 workers in Mainland China had been insured against losses caused by death, old age, illness, and disability.[37] Workers' hospitals, sanitoriums, rest homes, and creches were established under the labor insurance regulations.

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[36] NCNA, Shanghai, October 7, 1954.
[37] People's China, May 1, 1955, pp. 3-5.

745 466 In East China, Shanghai was a showcase for Communist labor welfare; marked improvements in working conditions had been made since 1950. There were 189 sanitoriums and rest homes in that city, and 96 hospitals in Shanghai were giving free medical treatment to workers in 600 industrial enterprises.[38] In Tsingtao, there were two large rest homes, each with 48 rooms, for textile workers.[39]

The procedure for applying labor insurance benefits was complicated. For example, a worker in a Shanghai textile factory who asked for insurance benefits when sick was told that he had to show certificates from his doctor, from the chief of his department in the factory, and from the labor insurance cadre of his union, and that his application must be discussed and ratified by his department and by the trade union. He was so bewildered by the complications that he forfeited his rights to the benefits. Cases of this kind are reported to be very common in China under the Communists.[40]

B. Labor Safety and Industrial Accidents

466 The Chinese Communists claim that the Central People's Government in the period 1949-53

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[38] NCNA, Shanghai, Nov. 23, 1954; Jan. 18, 1955.

[39] Liberation Daily, Shanghai, Sept. 20, 1952, p. 5.

[40] China Weekly, May 24, 1954, p. 15.

466 enacted 119 decrees, rules, and regulations concerning labor safety and sanitation in factories and mines.[41] At the end of 1949, the Communist government began a nationwide investigation of labor safety and sanitation and found that the conditions in factories and mines were very bad. In the case of Chia-wang Coal Mine in Kiangsu Province,[42] there was no sewage disposal system and no drinking water supply (in China only boiled water is drinkable). The more than 10,000 miners had to drink dirty water from ditches. In the mines, no provisions had been made to pump fresh air in; workers received about one-third of the amount needed to maintain their normal health. The death rate of miners in East China in 1949 was estimated to be three men for every 10,000 tons of coal mined.[43] To eliminate some of these problems, the Communist government issued a series of decrees and regulations concerning labor safety and sanitation in factories and mines. Conditions were reported to have improved in 1950. For example, in Huai-nan Coal Mine in Anhwei Province, the death rate of miners in the autumn of 1950 was only 0.196 per 10,000 tons of coal mined, and the injury rate was 3.413 men per 10,000 tons , approximately 63 per cent lower

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[41] People's China, July 1, 1953, p. 11.

[42] Chinese Workers' Monthly, June 15, 1950, p. 42.

[43] Ibid., p. 2.

466 than the rate had been in the summer of that year.[44]

Since 1951, as the result of the acceleration of "labor emulation" and Mao Tse-tung's demand that the cost of production be reduced, the Communists have neglected labor safety measures to an astonishing degree and industrial accidents have been increasing. According to statistics released by the labor bureau of the provincial government in Shantung, from January to June 1952, there were 4,392 persons injured or killed in factories and mines in that province.[45] At No. 6 Iron and Steel Factory in Shanghai, 484 persons, of which 109 were seriously injured, were involved in industrial accidents[46] in 1952. After the beginning of the Communists' first Five-Year Plan, labor safety became of less concern. This fact suggests that conditions in factories and mines on the China Mainland must be growing steadily worse.

C. Housing Conditions

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466 The Chinese Communists assert that they spent more than 286 million *yuan* (new currency, equaling US$ 114.4 million) on housing projects for workers in 1952. In 1953, the government approved the construction of 130 million square feet of living quarters for workers.[47] The Chinese

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[44] *Chinese Workers' Monthly*, Nov. 15, 1950, p. 33.

[45] *China Weekly*, Jan. 19, 1953, pp. 7-8

[46] *Tientsin Daily*, Aug. 8, 1952; *China Weekly*, Jan. 26, p. 7.

[47] *People's China*, May 1, 1955, pp. 3-5.

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362 466 Communists claim that the Central People's Government was the first government in Chinese history to provide housing for workers.

The construction of housing projects for workers in Shanghai began in September 1951. The first housing project, completed in 1952, was Ts-ao-yang Villa[48] on the western edge of the city. The project was comprised of a co-operative store, a clinic, a grade school, a market, and a club. Rent was fixed at approximately 7 per cent of the worker's gross income. Between 1952 and 1954, at least 29 new housing developments, with accommodation for over 100,000 people, are reported to have been completed in Shanghai.

The Communists also planned housing projects for workers in the Huai-nan mining district in Anhwei Province. The Huai-nan coal mine is one of two large industrial enterprises[49] which the Communists intend to develop in the East Region as part of the first Five Year Plan. The housing project was begun in 1952. By the end of 1954, some 1,300 miners and their families had moved into dwelling units. An additional 2,000 units were to have been ready by the end of 1955.[50] Compared with the slums from which these workers came, the new housing developments for workers in Communist China are probably a considerable improvement, but compared with housing projects in Western countries, they would seem meagre and overcrowded.

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[48] Liberation Daily, April 28, 1952, p.1; Chinese Youth Enjoys a Happy Life, published by All-China Federation of Democratic Youth, Peking, 1953, p. 13. [See next page for 49,50.]

D. Labor Education and Recreation

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116 Illiteracy is one of the great obstacles hindering industrial development in China. Before the Communists gained control of Mainland China in 1949, some 60 per cent of the workers were semi-literate (i.e., could read less than 1,000 Chinese characters). In June 1950, the Government Administration Council issued "Instructions for Developing Spare-time Education of Workers," which aimed to teach every illiterate worker at least 1,000 characters over a period of three to five years. The Communist trade union regulations stipulate that all enterprises are to allocate a certain sum for the education of workers. The "quick method" of learning Chinese characters evolved by Ch'i Chien-hua, a cultural instructor of the Communist army, increased literacy among the workers.

In 1950, almost every factory in Shanghai, Tsinan, Tsingtao, and Nanking established night classes for the workers. By 1954, more than 10,000 industrial workers and government employees in East China were granted leave to attend technical or secondary schools. Those who attended classes continued

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49. Another project in the first Five-Year Plan in East China is the development of the Ma-an-shan iron mine.

50. NCNA, January 7; April 15, 1955.

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873 466 to receive their original pay. The trade union, the Party, and management were authorized to decide which workers qualified for additional technical training. In 1950 the East China Region sent 174 industrial workers of an advanced intellectual level to the Chinese People's University in Peking[51] as part of the Communist plan to create a new intelligentsia among the working class.

461 466 The Communists say that recreation -- the privilege of the few in the past -- is now an integral part of the workers' lives. After work, workers may go to their own clubs to play chess, card games, or Ping-pong, or in other ways to enjoy their leisure time. Many factories show films or hold dances on weekends. By the end of 1954, some 11,929 clubs had been established in factories, mines, and other enterprises throughout China; Shanghai alone had over 800 workers' clubs. For the first time, workers had the opportunity to take part in athletic activities. At a provincial track meet in Chekiang Province in 1951, workers and peasants took the first four places in a 10,000 meter race.[52]

The validity of the above reports can be questioned. Workers have the facilities for

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[51] Workers' Daily, Jan. 6, 1950, p. 1; NCNA, Shanghai, June 2, 1954.

[52] Chinese Youth Enjoys a Happy Life, p. 28; NCNA, Shanghai, September 21, 1954.

461 leisure but are not given the opportunity to enjoy them. Raja Hutheesing, traveling in China
466 in 1951, heard factory whistles blow to signal the end of the working day in Nanking, but saw no workers leaving the factory. He was told that the workers had remained to join in a political discussion.[53] In the Communist China regime, even "leisure" comes under the control of the Party, and many workers may spend sixteen hours a day in the factory at work or attending compulsory meetings.

VIII. UNEMPLOYMENT IN SHANGHAI

464 Since the Constitution of Communist China promises the right to work, the Chinese Communists have maintained that unemployment as it exists in Mainland China is a legacy of their "capitalist predecessors," soon to disappear under a socialist society.

The most serious unemployment situation in Communist China exists in Shanghai. After the Communists assumed control in 1949, many factories in Shanghai were closed for lack of raw materials. Some factories have changed their line of business. For example, a Coca Cola factory was remodeled to produce soya bean sauce. During economic reshuffling in Shanghai in 1949 and 1950, unemployed workers (and their dependents) were estimated at 500,000. In early 1950, the Shanghai Federation of Trade Unions established a "Relief Fund Trust Committee" to collect contributions from workers

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[53] Raja Hutheesing, The Great Peace, Harper, New York, 1953, p. 118.

463 According to a recent estimate[62], the Chinese Communists will need at least 2,500,000 skilled industrial workers in order to carry out the proposals of the first Five-Year Plan -- and they have no more than 600,000 trained workers. However, Shanghai has been training skilled labor since the Communist conquered the China Mainland in 1949. In the past five years more than 63,000 skilled workers, technicians, engineers, and clerks have been sent from Shanghai to major construction sites and new factories in other parts of the country. From 1951 to May 1954, over 34,000 steam fitters, machine-tool operators, welders, and other skilled workers have been trained in schools established for this purpose. Shanghai factories frequently have been given the job of training contingents of workers for new factories established in Northeast and Northwest China.[63]

466 The first Five-Year Plan has as its goal an increase in labor productivity but does not guarantee to the workers an increase in wages or a better standard of living. When the plan was first announced, the Communists stated that all manpower and materials would be concentrated in order to achieve socialist industrialization, that the improvement of the standard of living would dependent upon the development of production. They called upon the Chinese workers to carry

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[62] Cheng Ch-yuan, Chung-kung Wu-nien Chiu-hua P'ou-hsi An Analysis of the Chinese Communists' First Five-Year Plan, Hong Kong, 1955, pp. 317-38.

[63] NCNA, Shanghai Oct. 10, 1954.

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466 out the plan as if they were engaged in a bitter struggle. And a struggle it will continue to be, as the workers discover how much the present regime can demand of them and how little it offers in return.

Annex "A," Subparagraph 3h,
Economic Background

FORCED LABOR

I. INTRODUCTION

466 697 "Reform-through-labor" has been the official declared policy since the beginning of the establishment of the Communist regime in China: it is stipulated in the Common Programme[1] of the Chinese People's Political Conference, Mao Tse-tung's On People's Democratic Dictatorship,[2] and in the Constitution of the People's Republic of China,[3] promulgated in September 1954. In these three most important documents[4] as well as in other official documents,

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[1] Common Programme, Foreign Language Press, Peking, 1950, Article 7, p. 4.

[2] Mao Tse-tung, On People's Democratic Dictatorship, Foreign Language Press, Peking, 1950, p. 18.

[3] Constitution of the People's Republic of China, Foreign Language Press, Peking, 1954, Article 19.

[4] Regulations Concerning the Establishment of People's Court in Five-Anti Campaign, Jen-min Jih-pao, Peking, March 24, 1952; Regulations Concerning the Establishment of People's Court in Three-Anti Campaign, Jen-min Jih-pao Mar. 30, 1952; Agrarian Reform Law, Foreign Language Press, Peking, 1950, Article 10.

466 the Chinese Communists point out clearly that
696 the new regime is going to use the forced-labor system to punish political offenders as well as to achieve the nation's economic plan. This system is practiced in East China as in other regions of Mainland China.

Li Shih-ying, director of the Public Security Department of the Military and Political Committee of East China, in his report (November 1951) on the suppression of counterrevolutionaries, said that the public security and judicial agencies at various levels in East China had followed the call of the Central government to suppress the counterrevolutionaries and had made many arrests. Some of the prisoners who had been "guilty of gross betrayal of the people" were executed; others had had their sentences stayed for two years and had been given a chance at "reform-through-labor."[5] It is estimated in Taiwan that the total number of persons undergoing reform-through-labor from 1949 to 1954 totals 42.3 million.[6] The population of the East China provinces is 27.9 per cent of that of the whole country. If we assume that the proportion of those in forced labor is just about the same as that of the population, then, within five years, the number

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5. Chieh-fang Jih-pao [Liberation Daily], Shanghai, Nov. 30, 1951.

6. Fei-ch'ü Nu-kung Kai-shu, [A General Account of Forced Labor in Communist China], Taipei, Sixth Section, Central Committee, the (continued next page)

466 in forced labor would be around 11,8 million.
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According to the "Regulations Governing Reform-through-Labor" passed and promulgated by the Government Administration Council in August, 1954, there are four types of agencies carrying out reform-through-labor: detention houses, prisons, reform-through-labor corps, and institutions for juvenile delinquents. The detention houses and the prisons are to be established on and above the hsien level. There are 448 municipalities and hsien in East China[7] and it is very conservative to say that there are 448 official agencies carrying out reform-through-labor in that region. The movements of the prisoners in the detention houses and prisons are restricted, and they are employed in indoor occupations, while the reform-through-labor corps may be transferred and are allocated according to the needs of national economic planning.

466 The importance of the above policy of "reform-through-labor" is intentionally

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6. (continued) Nationalist Party, December 1954, p. 17.

[7] Jen-min Shou-ts'e [People's Handbook], Tientsin, Ta-kung Pao, 1955, pp. 230-39.

466 overemphasized by the Chinese Communists to camouflage another type of forced labor. Millions of civilians have been recruited by the government to join gigantic public projects such as water-conservation works and highway and railway construction, where mass-labor methods are needed in underdeveloped China. The most-talked-about example, of mass labor methods is the Hwai River Project.

II. HWAI RIVER PROJECT

A. Origin of the Project

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653 The Hwai River, 1,021 kilometers in length and covering an area of about 220,000 square kilometers in Honan, Anhwei, and Kiangsu provinces, had afflicted the people in this region since the fourteenth century.

In 1938, the Kuomintang government diverted the Yellow River to prevent the Japanese army from advancing west from Hsuchou. The diversion choked the main Hwai River and most of its tributaries with silt, causing the water brought down by the Yellow River from Shensi and Kansu to flood the whole Hwai region. After the war the Nationalist Government, under the direction of the American engineer, O. J. Todd, put the Yellow River into its old bed, but it was too

73/ 653 late to prevent the big flood of 1949, which covered 53,000,000 mou (about 8,000,000 acres) of land and made 16,000,000 people homeless, and of this number 700,000 died of starvation and disease.[8]

The People's Government of Communist China decided to harness the river after the flood. By a directive known as "Decisions on the Harnessing of Hwai River"[9] issued by the Government Administration Council on Oct. 14, 1950 a Committee was established to direct the work which was started in November of the same year. The entire undertaking was to be completed in 1955.

B. Recruitment of Labor

466 653 According to the directive mentioned above and some others[10] issued by the

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[8] Kung-jen Jih-pao [Workers' Daily], Peking, Oct. 28, 1952, p. 4.

[9] Chung-yang Ts'ai-ching Cheng-ts'e Fa-ling Hui-pien [Compilation of Laws and Regulations of the Central Government Concerning Financial and Economic Policies], Peking, compiled by the Financial and Economic Committee of the Government Administration Council, Peking, March , 1952, Vol. III, pp. 1084-86.

[10] Hua-tung-chu Ts'ai-cheng Ching-chi Fa-ling Hui-pien [Compilation of Laws and Regulations Concerning Finance and Economics in East (continued next page)

466 653 Ministry of Water Conservation in the Spring of 1950, the responsibility of recruiting labor force fell on the shoulders of the committee and the local governments of the hsien level. Not one word was mentioned in these directives about the funds of this huge project and the wages supposed to be paid to the workers. Because such employment offered no economic advantage, the committee and the hsien governments had to resort to methods of patriotic appeal and political coercion. Over 500,000 Party members and 100,000 cadres, members of the Youth Corps and even college students were organized into teams and spread over the districts of the three provinces to activate and mobilize the peasants.[11] Meetings, slogans, and processions were organized. The effectiveness of these methods was indicated in the fact that 2,200,000 people[12] responded to the call of Mao Tse-tung to harness the Hwai River and joined

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10. (continued) China], Shanghai, 1951, Vol. I, pp. 1276-86.

[11] Jen-min Jih-pao [People's Daily], Peking, Oct. 15, 1950, also Raja Hutheesing, The Great Peace, New York, 1955, pp. 101-14.

[12] This figure was admitted by Fu Tso-yi, Minister of Water Conservation, Chieh-fang Jih-pao [Liberation Daily], Shanghai, July 4, 1951.

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466 653 the project in the first year. Most of the laborers were peasants, some were refugees from the flood, and still others were unemployed people in the cities. In 1952, the number of workers increased[13] to 2,400,000. In 1953, when the project had been established on a permanent basis, the workers decreased[14] to about 1,500,000. The fact that a total of more than 6,000,000 people had joined at one time or another a public project during a three year period is unheard of in Chinese history.

C. Organization of the Labor Force

466 708 653 In addition to recruited civilian workers, large numbers of the People's Liberation Army joined the project. They were supposed to do the harder jobs and act as model workers; in reality, they were to keep surveillance over the recruited workers.

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[13] Chin-pu Jih-pao [Progressive Daily], Tientsin, Aug. 3, 1952.

[14] Jen-min Jih-pao [People's Daily], Sept. 16, 1955.

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466 708 653 The above diagram, suggests the military character of the huge labor force organization working on the Hwai River and how different it is from the organization of labor groups in the free world. Besides, all the responsible persons in this organization are either Party members or veterans of the Communist army.

D. Working Conditions

466 653 The Hwai River Project was planned on the assumption that it would cost the Communist treasury nothing except grains to feed the millions. Recruited workers must bring their own tools, clothing, bedding, and even cooking utensils. The directive mentioned above indicated that the wages of one laborer should be calculated according to the number of cubic feet of earth he digs in one day. But in all the official reports of the Communists about the success of the Hwai River Project, nowhere is there given the amount one worker really received for his day's work. In the directive entitled "Provisions Concerning the Standard Payment of Allowance to the Water Conservation Workers during Rainy Days,"[15] issued by the

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[15] Compilation of Laws and Regulations of the Central Government Concerning Financial and Economic Policies, Peking, March 1952, Vol. III, pp. 1084-86.

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966 653 Ministry of Water Conservation, it was stated that the workers during involuntary work stoppages on rainy day did not have enough to eat; therefore, the Hwai River authorities were instructed to pay an allowance of 1 5/8 catties of millet to each worker for every rainy day. This directive shows clearly that the workers had just enough to eat for their day's work.

Another directive concerning the water conservation workers, issued on April 27, 1951 by the same ministry, indicated that the water conservation workers on the Hwai River who were recruited from the refugees of the flood should have one to four catties of rice per day for each worker to take care of his family.[16] One catty of rice was worth about 1,300 yüan in East China at that time and was equivalent to 6.5 cents in American money.[17]

The men of the Hwai River project were supposed to work not more than ten hours a day, but the Communists used the same tactics

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[16] Ibid., Vol. I, pp. 1276-86.

[17] Exchange rate between U. S. dollar and People's Bank yuan was $1 to 20,000 in 1951.

466
653 in the labor camps as they used in the factories -- emulation drives, patriotic appeals, model worker elections -- to increase production. The 14-hour working day was common practice on the project. Activists among the workers themselves made a common compact to forfeit their New Year's vacation, and to contribute working days and tools, etc., in order to reach the norm of 6 cubic meters of earth work per day per person.[18]

The Communist newspapers lavished praises on the "enthusiasm" and "sacrifice" of the workers. One report from Anhwei said that "450,000 civilian workers in Szu-hsien passed their New Year's on the bank of the Hwai River dredging the river under the snow."[19] "Every evening, tiring after a hard working day, the men dragged back go their snow-covered straw huts. Shivering in their straw beds, they were waiting for another hard working day."[20]

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18. Chang Chao-feng, op. cit., Hong Kong, 1953, p. 67.

19. Ta-kung-pao [Ta-kung Daily], Hong Kong, March 14, 1951.

20. Ta-kung Daily, April 14, 1951.

[redacted]

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466 653 Because of the bad working conditions and the lack of nourishment and proper medical care, the mortality rate among the workers of the Hwai River Project reached 10 per cent in 1951.[21]

E. Achievements of the Hwai River Project

731 653 The first stage of the Project was completed in 1953, including the strengthening of 2,100 kilometers (1,302 miles) of dikes, drendging 860 kilometers (533.2 miles) of river beds, constructing one water storage reservoir, 12 water detention basins, and 92 sluices. Altogether 200 million cubic meters (6,554 million cubic feet) of earth work had been completed.[22]

An official source stated that the total area of inundation in 1950 was only 60 per cent of that flooded in 1949, in 1951 it was 21, and by September 1952, it was only 8 per cent.[23]

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[21] Chang Chao-feng, op. cit., p. 71.

[22] Kung-jen Jih-pao [Workers' Daily], October 8, 1952, p. 4.

[23] Far Eastern Economic Review, Hong Kong, Oct. 9, 1952, pp. 455-56.

731 653 had been completed in July 1955.[26]

All the reports from Mainland China and some from Hong Kong praised what the project had done for the improvement of living conditions of the people in the Hwai River area. Such reports imply that the millions of peasants who continue to toil on the banks of the river for a few bowls of rice a day have no reason to complain.

III. "REFORM-THROUGH-LABOR" IN EAST CHINA

A. Reform-through-Labor Camps in Shanghai

697 466 As a result of the drive for suppression of counterrevolutionaries which started in the Spring of 1951 and the Three-Anti and Five-Anti campaigns which followed, the number of prisoners sentenced to reform-through-labor reached 200,000 in Shanghai by the end of that year. Reform-through-labor camps are scattered all over the suburbs of the big city. Most of the prisoners are employed in municipal constructions, road building, and light industries. The following is an example given by the Communists through the official channel New China

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[26] Hua-ch'iao Jih-pao [China Daily News], New York, Aug. 5, 1955, p. 2.

697 News Agency showing how much the Communists
● 466 had done for one ex-prisoner:

Tao Chieh, a criminal in Shanghai, after reform-through-labor, achieved a change in his ideology and cultivated the habit of labor. When he was released at the expiration of his term and returned to his home, his wife wrote to the reform-through-labor organ, saying, "When my husband returned home, all our neighbors declared that he had changed and made progress. I feel that the People's Government had not only changed my husband but has brought happiness to our whole famil."[27]

The fact that reports in Taiwan and Hong Kong about life in the Shanghai reform-through-labor camps differ from this official report shows that the latter may be a Communist falsification. One of the Taiwan reports described the life in the Shanghai labor camp as miserable. The report said that the prisoners had to perform dirty work such as sewer dredging, public-lavatory cleaning, and refuse-removing under bayonets. When the prisoners did not show much liking for their work, they

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[27] NCNA, Peking, March 30, 1955; quoted from Survey of China Mainland Press, April 1, 1955.

697 were reminded that they were counterrevolutionarie
466 and should work hard.[28]

B. Rebirth Village in North of Kiangsu

North of the Yangtze River in Kiangsu Province, there are millions of acres of alluvial soil forming new land along the seacoast of that province. The Rebirth Village was started in the spring of 1950 by the People's Government of Shanghai. Within little more than one year, a whole "new town" had been built in this vast, inhospitable region with 10,000 mou (about 1,518 acres) of cultivated land. The center of the Rebirth Village is in Ssu-ch'a-ho with a transportation system of new highways and new canals built by the villagers. Inside the Rebirth Village, there are all kinds of small-scale industries such as blacksmiths, wood and bamboo works, hosiery works, and sewing factories. According to Communist report, the people in the nearby villages have come to call the new-born city "New Shanghai."

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[28] Li, T'ien-min, Wu-nien-lai Chung-kung P'o-hai Jen-ch'üan Chi-shih [A Factual Account of the Violation of Human Rights by the Chinese Communists in the Last Five Years 1949-54] Taiwan, March 1955, p. 29.

697 The labor of the Rebirth Village had been
466 supplied by the criminals and unemployed "vagrants" of Shanghai. Apparently, the latter category includes people who were forced to evacuate from the urban area of Shanghai, then the largest industrial and commercial city in the whole of China, during the slump period after the Communists came in. In addition to light industries, these immigrants were forcibly employed in cultivating cotton fields, drilling wells, and reforesting the seacoast. The main product of the Rebirth Village is cotton. In 1951, the villagers planted 6,800 mou (about 1,143 acres) of cotton fields which produced 3,500 tan [192.5 tons] of cotton with an average of 50 catties (55 pounds) per mou (1/5 acre), 20 per cent above the average in the neighboring villages. With the improvement of irrigation and soil, the Communists hope to supply most of Shanghai's needs in its textile industry in the future.[29]

C. Sung-chiang State Farm

The Sung-chiang State Farm is one of hundreds of state farms spread all over East China, where forced labor is employed. On

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[29] Chieh-fang Jih-pao [Liberation Daily], Shanghai, Oct. 6, 1951, p. 2.

697 466 the farm, the usual Communist methods of increasing production were used, such as emulation drives and elections of model workers for higher achievement in production. The activists among the prisoners offered to take care of nine mou (about 1.3 acres) of land as the norm for each person. Through challenges and responses the norm was raised to 15 mou (about 2.3 acres) for each worker. At first, they had no oxen for plowing. Twelve workers were organized into one plowing team and work with their bare hands. In the first winter, among 360 laborers, 7 of them died of cold and 24 became disabled because of severe frost-bites.[30]

According to a report from Taiwan, most of the reform-through-labor corps in East China are working the 718 state farms, totaling 568,000 mou (about 86,239 acres) of land. Among these farms are the Su-pei Collective Farm in Kiangsu, with 30,000 prisoners; the Yen-shan-hsien Farm in Shantung, with 1,000 prisoners; the Ch'ü-chou District Farm in Chekiang, with 3,000 prisoners;

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[30] Li Tien-ming, op. cit., pp. 30-31.

697 the Ning-po District Farm in Kiangsu, with 4665 5,500 prisoners, the Kao-Yu Farm in Kiangsu, with 4,000 prisoners; and the Nantung Farm in Kiangsu, with 1,500 prisoners. The number of reform-through-labor prisoners was estimated to be about 800,000 to 900,000 in 1952.[31]

The reform-through-labor corps had also been employed by the new regime to rebuild the old dikes along the seacoast of Chekiang and Kiangsu provinces, some 586 kilometers (about 370 miles) in length. Behind the dikes nearly 1,000,000 hectares (about 2,471,140 acres) of rice and cotton fields in the coastal areas are being cultivated in safety now.[32]

It was reported in Hong Kong that the Communists are mobilizing 60,000 laborers to start a new railway line connecting Amoy in Fukien and Ying-t'an in Kiangsi. There is no doubt that the labor force of this planned project also belongs to the category of this study.[33]

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[31] Cheng Chu-yuan, *op. cit.*, pp. 80-81.

[32] Kuan-ming Jih-pao [*Enlightenment Daily*], May 27, 1952.

[33] *Asia Foundation News Bulletin*, August 11, 1955.

IV. COMMENTS

466 668 Despite the fact that the Chinese Communists strongly insist that the laborers employed on the Hwai River Project are working for their own good, the harnessing of the Hwai River has a very strong political factor behind it. Consequently, the indifference and rebellious acts of the people in the Hwai River areas, in the eyes of the Communists, are as dangerous as the evils of the river itself. The harnessing of the river is the harnessing of the people in that area. In the provinces of Shantung, Anhwei, Kiangsu, in East China (and Honan in the Central-South), there were formerly 3,000,000 persons who belonged to different religious sects such as the Hung-ch'iang-hui [Red Spear Society], the I-kuan-tao [Unity Society], the T'ien-ming-tao [Dawn Society], and others. Some of the sects have several hundred years of history and tradition behind them. On many points they did not agree with the tenets of Marxism and Leninism. The cases of peasants refusing to join the Peasants' Associations and sabotaging land reform were too many to handle individually. In addition to the religious differences, the people of the Hwai River basin are famous for their fierceness and obstinacy. The Communist Hwai River Harnessing Project absorbs these unstable millions into the orbit of the Communist system. The military character of the organization of the labor force and the emphasis on the political indoctrination of the

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146 laborers showed very clearly the real
669 intention of the Chinese Communists.

It is doubtful that the Communists could in a short time brainwash these millions whose ideology was formed by their religious beliefs through many generations. Given a chance, this portion of the Chinese population might rise against the new regime and go back to their old ways of life.

2: Murphy G-4 (no date) 1953 AF15 East China AF15

This pattern was repeated in most of its details whenever trouble 369 threatened in China, as it did for example in 1884–85 (war between 722 France and China), 1900 (the Boxer Uprising), 1911 (the republican revolution), 1915–18 (the first world war and Japanese intervention in Shantung), 1926–27 (the northern campaign of the Kuomintang), 1932 (Japanese attack on Shanghai), and most of the period of anti-Japanese and civil war from 1937 to 1949. It of course affected the economic life of the city in fundamental fashion, and understandably speculation flourished. It also meant that the foreigners lived in a state of some uncertainty and insecurity, since what brought the city prosperity could also destroy it. A foreign resident complained about this in a letter to the editor of the *North China Daily News* (published in Shanghai) which was printed the day before the Japanese attack on Shanghai in 1937, in a sense the last day of foreign Shanghai's existence:

> Since I arrived in Shanghai some seventeen years ago I have been under arms as a member of the Volunteer Corps on a dozen different occasions in defense of the Settlement. Always these occasions have meant a cessation of business, a period of anxiety and possible danger, and no benefit to us as a community. 'Old stagers' of the mud-flat days will smile when one talks to them on the subject and say they have got used to the idea, but are we content to see this sort of thing continue indefinitely? We should organize ourselves as a community . . . that will enable us to have a more normal life. It is time the old idea that foreigners come to Shanghai for a few years and then go away with a fortune was abandoned. This is a place of permanent residence for most of us and we have a right to demand that same freedom and security which is the common possession of all civilized countries. . .[12]

The city's population, swollen periodically with refugees, was also 369 an excellent source of cheap labor and an opportunity, or invita- 464 tion, for labor abuses, especially after manufacturing became an 466 important factor in the Shanghai economy during the twentieth century. The refugees had no bargaining power and lived in universal privation. Their presence in the labor force helped to account for the fact that factory conditions, wages and hours, and industrial

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Slums were as acutely bad in Shanghai as

from the center of town. The present Communist administration has turned the race course, symbol of the foreign occupation, into its chief parade ground.

anywhere else in the world.

365 Rates during the period 1926–30 averaged for all users the equivalent of US$.008 (.025 taels) per kilowatt-hour, which the president of the Shanghai Power Company claimed made his product the world's cheapest power.[59] These rates were made possible, in spite of the higher price of domestic coal in Shanghai than in Tientsin, by the very high and constant annual 24-hour load factor, which averaged nearly 70 per cent during the period 1930 to 1936, as compared with 42, 26, and 40 per cent respectively for Manchester, Birmingham, and Liverpool during the same period.[60]

365 466 The load factor reflects a high intensity of industrial operation, and a heavy dependence of Shanghai manufacturing on electric power purchased from the power companies. It also reflects the long working hours of nearly all manufacturing establishments in Shanghai, which averaged between 11 and 12 hours a day six days a week,[61] and the widespread Sunday and night-time operation among nearly all of the household and smaller-scale manufacturing establishments using electric power. The low power rates encouraged the spread of small-scale mechanized manufacturing in private houses, and more important, made Shanghai an attractive location for almost every form of manufacturing.

365 The case of electric power demonstrates again the role of the Shanghai market in locating industry there. While coal was relatively easily and cheaply obtainable in Shanghai, it was even cheaper in Tientsin, yet rates for electric power produced from coal in Shanghai were among the lowest in the world. The availability of cheap power must be counted one of the outstanding advantages of Shanghai for manufacturing. Power was cheap because water transport made a flexible and reasonably priced coal supply possible at all times short of war in the Pacific, and because the volume of industry already attracted to the Shanghai market by its transport connections, and dependent on rented electric power, made for a load factor which kept power rates exceedingly low.

Factory Location

361 As if to demonstrate a basic reason for its presence there, manufacturing within Shanghai is closely oriented to waterways, as map 3 will illustrate. Manufacturing came relatively late in the

and where virulent disease is endemic; on the development of 633
highways, sewerage and drainage systems; and, through franchises, 364
on the supply of public utility services. Thirty years ago, however,
it became evident that Shanghai was coming to be an important 744
manufacturing city, and that a large industrial population would arise, brought to the city from rural areas by the hope of securing employment. The necessity, therefore, for concern with the social problems everywhere associated with a large industrial populace grew more urgent with the years.

IN THE 1920'S FIRST EFFORTS were made by the Shanghai Munici- 633
pal Council to regulate industrial conditions with the attempt, in 466
1925, to obtain passage of a byelaw which would limit the age of commencement of work for young people to 10, rising later to 12 years.[1] Until April 1941 the limitations on the Council's powers necessitated the summoning of a special meeting of ratepayers (voters) to alter or to add to any byelaw which might permit the Council to exert authority, provided it were not incompatible with the Land Regulations. Two special meetings of the ratepayers in 1925 lacked the necessary quorum of voters. The byelaw could not be passed.

Chinese residents in the Settlement subordinating social to patriotic motives opposed the proposed byelaw, for they did not desire the extension of the Council's powers into realms not specifically provided for in the Land Regulations and existing Byelaws. The year 1925 antedated the rise of the Chinese National Government which was to show a lively concern in labour matters, and at that time the Peking Government took only a perfunctory interest in the regulation of industrial conditions. On political grounds even socially minded Chinese leaders in the Settlement opposed the Council's assumption of control over labour conditions, notwithstanding that the issue was a humane one of preventing the exploitation of children. Although under the Land Regulations, attendance and voting at ratepayers' meetings were prerogatives of foreign (i.e. non-Chinese) ratepayers, this Chinese point of view was nonetheless forcefully made known in the Chinese press which has always freely criticised the Settlement administra-

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[1] "Toward the Regulation of Child Labour," *Bulletin No. 1.* Joint Committee of Shanghai Women's Organisations, 1926.

633 tion. Foreign voters were not willing to force a measure providing
466 purely for Chinese social welfare in the teeth of Chinese opposition.
Following the failure to secure the proposed byelaw, the Council
decided that, until the Chinese authorities themselves moved to
regulate conditions of industrial employment, it would make no
further attempt to concern itself with these issues. Larger forces,
however, were at work. While the Settlement authorities were
665 attempting to limit the work of children, the Kuomintang, the
National People's Party of China, met in Canton and adopted
a much more extensive platform of social measures. In the late
summer of 1926 the Kuomintang army began its march northward
from Kwangtung Province and, by March 1927, had entered
Nanking, which was to be the capital of the National Government
for the next decade.

633 Shortly after, a unified Kuomintang-sponsored Chinese government came into control of the metropolitan area of Shanghai with the exception of the foreign-administered International Settlement and French Concession, and the Extra-Settlement Roads. A Bureau of Social Affairs, responsible for industrial conditions, was established by the new national government. Within two years of the failure of the Shanghai Municipal Council to obtain authorisation to regulate the employment of children, and its subsequent decision to await movement by Chinese government circles before attempting further action, machinery to introduce progressive action by the Chinese authorities had been made possible.

645 Between 1927 and 1932 the Ministry of Industries of the National
466 Government in Nanking promulgated a series of laws concerning
labour. Among others these included a Factory Law, which regulated in general terms such matters as physical conditions and hours of work, wages in relation to living costs, compensation for accidents, termination of employment, factory councils and apprenticeship; a Labour Union Law; a Law governing Arbitration in Industrial Disputes; and others. The difficulty lay in the application of the code. Provisions regarding reform in factory conditions, for example, were so far reaching that early and complete conformity to the standards set could not be hoped for.

648 Moreover, the existence of the foreign-administered areas in
633 Shanghai raised jurisdictional issues. Since the Shanghai Municipal
466 Council was not specifically empowered under the Land Regula-
471 tions to regulate conditions of employment, the Chinese authorities

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claimed the right to "inspect factories in the Settlement," aiming, however, at eventual control of all questions relating to labour in Settlement enterprises. The Council, on the other hand, held the view that, because of fundamental differences in systems of administration of law, the operation of officers of the Chinese Government in the International Settlement was not acceptable.[2] The fear was also entertained that, should regulation of industrial conditions be introduced into, and thoroughly enforced in, the Settlement, unequal competition would result with enterprises outside the Settlement where, it was felt, enforcement would be less complete. On August 1, 1931, when the formal statement of the Chinese Government declaring the Factory Act in force was published, there appeared also a statement by the Shanghai Municipal Council endorsing the principles of industrial regulation and indicating its intention of working toward safe and healthful working conditions. The outbreak of Sino-Japanese hostilities in January 1932 postponed the consideration of means to implement this general statement of principle until 1933, when it was decided to employ the Council's licensing powers to gain the desired ends.

In 1933, a special meeting of ratepayers was again convened, this time to change the general licensing byelaw (Byelaw 34)[3] to include industrial undertakings among the enterprises which the Council might license and hence regulate and inspect. This time the approval of the ratepayers, and subsequently of the Consular Body in Shanghai and of the Diplomatic Body in Peking, was secured by the Council. It then felt it had a constitutional right to license factories and, by this means, to enforce certain conditions. The Chinese view was still that such a byelaw was beyond the Council's powers under the Land Regulations.

The Chinese authorities in the metropolitan areas outside the two foreign-administered areas, having strengthened their position in the five years since the establishment of their municipal government, by now known as the Shanghai City Government, registered their protest at the passage of the amendment to the byelaw. In the eyes of the City Government the International Settlement was the "First Special District" and the French Concession the "Second

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[2] "Regulation of Industrial Conditions," *Annual Report*, Shanghai Municipal Council, 1933.

[3] *Land Regulations of the Foreign Settlement of Shanghai*, Shanghai Municipal Council.

471 Special District," areas temporarily beyond, but ultimately to be
648 restored to, its own jurisdiction. The claim was made that only the
633 City Government could regulate Settlement industrial conditions,
466 by enforcing the Factory Law of the Chinese National Government.

An event of importance to the whole problem of law enforcement
648 was the Court Rendition Agreement of 1930[4] between the
633 Council and the local Chinese authorities, which provided for the
692 return to complete Chinese control of the Provisional Court exer-
471 cising jurisdiction over Chinese citizens of the Settlement and
over those residents belonging to nations without extra-territorial rights. From the 1911 Revolution until 1927 there had been a Mixed Court under foreign influence, expressed in part by the sitting of foreign assessors with the Chinese judges in the hearing of cases. Between 1927 and 1930 a Provisional Court functioned, giving place in 1930 to the Shanghai First Special District Court, completely under the direction of the Ministry of Judicial Administration of the Chinese Government. The new agreement provided that the Court should exercise jurisdiction over cases brought in by the Municipal Police of the International Settlement and arising out of infractions of all duly enacted laws of the Chinese Government, together with cases arising from breaches of municipal byelaws. In limiting the laws which the Court would apply to those duly enacted by the Chinese Government, the agreement excluded the application of regulations promulgated by the various Chinese ministries.

648 Since the labour laws referred to above in each case state that
the competent authority is the municipal government in munici-
633 palities and the *hsien* (or county) government in *hsiens*, and since
692 the enforcing municipal authority in Shanghai recognised by the
466 Chinese Government was the Chinese municipal authority, it was
logical for the Court owing allegiance to the Chinese authorities to refuse to try a case brought in by a Shanghai Municipal Council organ under any of the labour laws.[5] In the eyes of the Court the

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[4] *Municipal Gazette of the Foreign Settlement of Shanghai*, 1930 volume.

[5] All possible means of using the Court as an instrument of enforcement under laws other than labour laws were explored. In 1939 seven workers were burned to death when an apprentice spilled inflammable thinner over a charcoal stove which the owner of the factory had been specifically instructed by Council officials to remove from the workroom. The Municipal Advocate advised that no case would lie under Article 276 of the Chinese Criminal Code which prescribes a five-year

Council was not a competent authority within the meaning of 648
the Chinese Government acts. 633

The matter was still further complicated by the fact that many 692
owners of industrial enterprises in the Settlement enjoyed extra- 466
territorial rights. While Chinese legalists argued that extra-terri-
torial rights were of the person and not of the undertaking, in 471
practice Chinese law could not be applied against foreign enterprises owned by those with these rights. At the same time the authorities of the countries with extra-territorial rights held in general that the labour codes of their respective countries did not apply in their Shanghai courts.[6]

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sentence or heavy fines for negligence causing the death of others by neglecting the degree of care required in an occupation. The proximate agent only is held liable by the Chinese Courts, and in this case he, in the person of the apprentice, was dead. A case was, however, instituted under Article 33 of the Law Governing Penalties for Police Offences, which prescribes detention or fine for one who "undertakes any work or business contrary to mandate or regulations." Judgment was obtained against the factory owner. When, however, later cases were instituted against other factory owners failing to carry out instructions, the cases were dismissed.

[6] Two cases were heard in the United States Court for China in which application of American law was involved. In the first, in 1936, the widow of a linesman brought an action for damages against an American company for alleged negligence on the part of the company which resulted in death by electrocution of her husband. The case was dismissed. In his judgment the Judge stated that cases similar to the one in question were now rare in the United States because of the almost universal adoption of Workmen's Compensation Acts. Counsel for the plaintiff suggested the novel possibility of the Compensation Act of the District of Columbia being applicable. This, the Judge stated, required study. But he expressed the view that "it may not be impossible, even in this difficult jurisdiction, through reasonable construction and elimination of unsuitable portions to preserve the substance of the law in some fair and workable system which would be welcomed by both employers and employees."

A second case arose later in the same year. A non-American employee of an American corporation slipped on the floor of the employer's premises sustaining an injury for which damages were sought in a common law action based on the theory of negligence. The plaintiff contended that the defendant company, not having complied with the Workmen's Compensation Act of the District of Columbia, was barred in this action from maintaining the defences of contributory negligence and assumption of risk. The defendant contended that the District of Columbia Workmen's Compensation Act was not applicable in the Shanghai jurisdiction on the grounds of inherent unsuitability.

The Court ruled that the literal compliance with the District of Columbia Compensation Act would be impossible in the Shanghai jurisdiction, but expressed its belief that the principle of the law of the United States should not be ignored. The judgment referred to the "congressional will manifest in the passage of the District of Columbia Compensation Act" and believed that the "Court might award remedies to injured employees consistent with the spirit and objectives of federal legislation."

Judgment was entered for the plaintiff in the sum of US $1,200.

The Court later temporarily withdrew its Opinion pending further study. It was later restored, and the amount of the award to the plaintiff increased to US $2,200.

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How was such a complicated situation to be dealt with? How could a way be found to improve industrial conditions through administrative action? Fortunately the personal relations between the officers of the Chinese City Government and those of the Shanghai Municipal Council were cordial, despite official differences in viewpoint. The Council welcomed the suggestion of the Shanghai City Government that negotiations should be undertaken to discover if a solution could be found to the impasse. Communications on the subject actually began prior to the special meeting of the ratepayers in 1933, and discussions were continued actively immediately after the alteration to the licensing byelaw which had been approved by the Shanghai Consular Body, and before it had received the approval of the Diplomatic Body in Peking. The licensing power, though it had been obtained, was not immediately invoked. It was felt that its use at the time would probably have brought to a head resistance on the part of Chinese industrialists and others. Moreover, if by negotiation a method might be found by which the requirements of the Chinese Government's Factory Act could gradually be applied in the Chinese Courts against citizens of nations amenable to these Courts, and through some other procedure to those of other countries, the status of the national law would be upheld: it would not be replaced by local regulations. A more comprehensive instrument than license was felt to be desirable.

Conversations extended over four months in 1933, but no agreement was reached. In 1934 the Director of the Shanghai Branch Office of the International Labour Office attempted to use his good offices to find a way out of the deadlock, laying useful foundations. Chinese Government delegates to the International Labour Conference in Geneva in 1934 and 1935 raised the question of a solution to the jurisdictional difficulty in Shanghai. Subsequently, the Director of the International Labour Office in Geneva met with government representatives of Great Britain, the United States, Japan, France and Italy, who agreed to discuss the problem with their governments.

Between 1935 and the outbreak of the Sino-Japanese hostilities in 1937, negotiations between the Shanghai Municipal Council and the Shanghai City Government continued. At one point it appeared that a *modus operandi* had been reached, whereby the Council,

under authority delegated by the Chinese authorities, agreed to 648
apply in the Settlement those portions of the Factory Act which 633
were enforced in Chinese territory. The Consular Body, however, 466
fearing that such an agreement would imply the partial abrogation 471
of extra-territorial privileges, stated that it could be made applicable only to industrial interests within the Settlement which were subject to Chinese jurisdiction—i.e. to foreign residents without extra-territorial rights, and to Chinese. In that case, the Consular Body held, there would be no objection to a clause stating that the Council would, with the consent of the authorities concerned, apply a similar inspection procedure to all other factories by means of the powers vested in the Council by the Land Regulations.[7] No real progress had been made in the negotiations by the autumn of 1937 when, as a result of Sino-Japanese hostilities, the City Government ceased to function and its personnel withdrew from Shanghai.

WHILE THE FRONT STAGE had been given over to negotiations, the Bureau of Social Affairs of the City Government and the Industrial Section, the organ of the Council which had been created to deal with the regulation of industrial conditions, had not been idle. The Bureau had exercised a considerable influence within the Settlement even prior to the 1933 licensing byelaw amendment, and it continued to do so. Its officials did not inspect industrial premises, but they were active in mediating industrial disputes which were frequent and often bitter. Even foreign owners of industrial enterprises, who were most vocal in insisting that inspection of factories should remain in the hands of the Shanghai Municipal Council, in the absence of facilities provided by the Council to assist them in the settlement of industrial disputes yielded to the force of organised labour and in some cases gladly accepted the offer of mediation by officials of the Bureau of Social Affairs. Furthermore, the Bureau established a Statistical Section, which began to collect basic information concerning wages and hours of work, and instituted an intensive study of the cost and standard of living of Chinese workers inside and outside the Settlement. This programme finally produced cost of living index figures which were to play an important part in the adjustment of workers'

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[7] *Municipal Gazette of the Foreign Settlement of Shanghai*, August 1936.

648 earnings in the period of inflation following the 1937 hostilities.

633 The Council's Industrial Section worked steadily at improving
● 466 health and safety in the Settlement's industrial enterprises. In its
471 desire that nothing should interfere with a possible agreement
with the Chinese authorities, it did not, prior to 1937, compete in the mediation of disputes but remained in the less controversial field of hygiene and safety promotion. The concentration of factories and workshops within an area of some nine square miles placed them within easy reach of inspection and made transport a much less difficult problem than was the case for the Chinese authorities, in whose extensive territory factories were widely scattered. While the frequent use of dwelling houses as factories and workshops in the Settlement limited the improvements which could be made, there was a general rise in standards between 1933 and 1937.[6] Trade by trade, a steady drive improved machine safety, safety in the use of pressure vessels, provisions for industrial hygiene, and general working conditions. Relying only on the general authority of the Council and on reason and good will, the Industrial Section used educational means to induce employers to take steps toward factory improvement. The Court could not be invoked, but considerable success was nonetheless achieved.

WITH THE OUTBREAK of Sino-Japanese hostilities in 1937, all industrial enterprises in the Settlement closed. In the western district Chinese and non-Japanese foreign-owned undertakings re-opened shortly after. Those in the eastern district, which was held by the Japanese Naval Landing Party, were in the area of heaviest fighting where blocks of Chinese-owned undertakings were destroyed. Five months after the hostilities had commenced, foreign-owned plants were found to be "islands in a sea of destroyed Chinese enterprise." Comparatively few foreign factories suffered much injury, but they remained closed until the spring of 1938. By the end of 1938 all foreign-owned and many smaller Chinese-owned plants in the eastern district had been re-occupied. Larger Chinese-owned plants were operated by Japanese occupiers. Although Japanese offers of restitution to legal owners with the object of co-operation in their management were made, there was little response by Chinese.

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[6] See Chapter III.

A period of reconstruction ensued until the end of 1940. Much 727
of the money of the nearby provinces had found its way into
Shanghai banks during the early days of the hostilities. This money 471
early sought employment. There was a building boom in the 454
western district of the Settlement proper which had been free from 648
fighting and which was one of the few areas on the China coast 633
where Chinese industrial enterprises could develop without Japanese control. In 1938 the Government of China retired successively to Hankow and later to Chungking. Many Shanghai Chinese factory owners, while rebuilding in Shanghai, were prepared also to play their part in the industrialisation of interior China which was to be so significant in the succeeding years. Their plants in Shanghai were equally important for the war effort of Free China, however, in the years that intervened between 1938 and the outbreak of Pacific hostilities in 1941. While Hongkong remained 438
open as a port and until through Japanese instigation the Chinese 458
Customs in Shanghai in the autumn of 1941 prevented the export 722
from Shanghai of certain commodities including cotton goods, very heavy shipments month by month left for the south for transport into interior China. Much cargo found its way out of Shanghai by canals and even by human transport, finally penetrating the Japanese lines and reaching the western provinces. The importance of Shanghai as a supply base during almost four years of war can be recognized when the commodity situation in free China in 1942 and later is considered. There were never sufficient consumer goods in the interior even when the trade channels from the coast were open; but the worsening of the situation and the consequent extreme rise in price levels date from the loss of Shanghai products.

In the western district Extra-Settlement area, in the enclaves 466
between Settlement-policed roads, hundreds of new industrial struc- 471
tures began to rise on former vegetable gardens drained by tidal 633
creeks. Over their construction the Shanghai Municipal Council
could exercise no authority. These workshops and factories lacked 178
elementary sanitary provisions, and, because the flimsy buildings 648
were of inflammable material, fires were frequent. But as soon as fire had destroyed a building, the indomitable Chinese small industrialist began its reconstruction. Within the limits of the Settlement proper, the reconstruction period was used as far as possible by Public Works and Health Departments, as well as Fire Brigade

466 and Industrial Division to secure improved industrial conditions.
471 Two contrary tendencies were observed. Owners of destroyed enter-
178 prises, previously operating either in the eastern district of the
Settlement or in provincial cities, in many cases showed a dis-
633 position to take advantage of new construction to erect better and
648 more modern plants in the western district. Control in many of these cases was in the hands of younger men, trained in engineering schools abroad, sons of pioneer fathers who in earlier days had ventured into the field of industry with little capital and had succeeded. The new generation had new ideas. The other tendency unfortunately was in the opposite direction. Men who had lost all, and who were unable to accumulate capital with which to start again on a larger scale, began with very small undertakings in which good working conditions were impossible. Better, it could be argued, that workers should earn a livelihood than remain a charge on public charity, even if their working conditions were unsatisfactory to an enlightened administration. The Council's Industrial Section in these circumstances strove to persuade enterprises to conform to as high a standard as appeared possible in each case.[9]

In addition to these efforts at industrial betterment, the Shanghai Municipal Council, soon after the outbreak of hostilities, agreed to finance the continuation of the statistical work of the Bureau of Social Affairs of the former City Government. This proved to be a significant step, for it provided an accurate instrument by which the community could gauge the effect on the cost of living of the inflation and of the control of commodities after 1938. The Industrial Section also entered into the field of voluntary mediation of disputes. In 1939 and the early part of 1940 foreign-owned enterprises were affected by one strike after another. The deterioration of economic conditions in 1940 and 1941 created widespread unrest, involving public utility enterprises and many others. The mediation services of the Section were useful in the settlement of disputes and in laying the foundations for an important contact with labour. The Section concerned itself also with the basic question of technical training, organising experimental classes for adult workers which will be described later.[10]

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[9] See Chapter III.

[10] See Chapter IX.

Because of this wider activity, the Council on October 16, 1940, 466
severed the former Industrial Section from the Secretariat and 633
established a separate Industrial and Social Division.[11] Within the 648
Division there were created four Sections. They were the Indus- 471
trial Section, maintaining its concern with physical conditions of employment and including the Technical Training Service, which organised technical classes for adult workers; the Statistical Section, responsible for compiling indices of living costs of Chinese and foreign employees, and statistics of wages and hours of work; the Industrial Relations Section, mediating industrial disputes and concerned also with non-physical conditions of employment, including workers' earnings and compensation; and the Welfare Section concerned with hygiene in the factories, workers' food and housing, and factory medical services, with the control of rentals of lower paid sections of the community through a licence to sublet, and with child protection.

In April 1941, an Industrial and Social Affairs Committee of the Council was formed, composed of members chosen to represent varying national interests and differing points of view. There was no representative of Chinese workers upon it. The social outlook of neither Chinese employers nor Western foreign employers had yet seen the right of the worker to have his viewpoint represented; still less would such a view commend itself to Japanese. The most that could be achieved was to inject into the membership sufficiently liberal representatives who could be counted on to speak for the common man.

WHEN PACIFIC HOSTILITIES developed in December 1941, indus- 471
try, which throughout that year had met successively restrictions 722
and steep surcharges in the use of electric power, difficulties in 439
securing raw materials in the United States and elsewhere, controls [457]
in the purchase of foreign exchange to pay for imports, and a great shipping shortage, now faced a major crisis. The Japanese authorities required the immediate registration of stocks of essential raw materials—metals, fuels, lubricating oils, chemical products and many others. These were first frozen by preventing their movement. Those found necessary for the Japanese war effort were requisitioned. Later, permission to move stocks was granted to

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[11] In subsequent pages frequently referred to simply as the "Division."

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471 [439] Sino-Japanese trade associations which were required to be formed for the purpose; no individual firm could make application for permits directly. Unit prices of power were increased by the Japanese-controlled, former American, Shanghai Power Company; coal, though controlled, was difficult to obtain at the official price and was very expensive on the black market. In consequence of all these factors many plants closed. Others still operated but on a reduced scale. Checks made by the Division in the Spring of 1942 indicated that only 55 per cent of former plants carried on, and these with only some 50 per cent of the former working force. Approximately 100 American- and British-owned plants, the most significant enterprises in the city with the exception of the textile mills, came under Japanese control. These were variously dealt with. Some continued operations fulfilling orders for military purposes. These included breweries, bakeries, cigarette plants and rubber shoe factories, as well as machine shops making subsidiary munition parts. Others produced goods for civilian use. Some were operated under direct Japanese control. Others continued to be operated by former foreign staffs under Japanese supervision and instruction.

Industry in Shanghai began to conform to the pattern laid down for it by the Asia Development Board, the instrument of the Japanese military forces of occupation in the economic field. A thorough survey of all plants employing 30 workers or more in the Settlement, of whatever national ownership, was completed by the Japanese Board by June 1942. Teams of experts went into all enterprises to examine the financial structure, the mechanical equipment, the production capacity, the raw materials and finished goods on hand. Thenceforth the Board determined which plants would operate and what goods they would produce.

471 464 466 166 722 The closure of so many plants created much unemployment. Many workers were induced by reduced fare concessions to return to the provinces. There were prolonged struggles on the part of discharged workers to obtain dismissal allowances adequate to finance their return home and to tide them over months in which they might try to adapt themselves to new means of livelihood. Only one month's earnings and a second month's to those who actually returned to the country, were, however, enunciated by the Japanese authorities as a standard, despite the efforts of the Division to secure a better arrangement.

[1] [after December, 1941 -- Analyst]

to secure a better arrangement. Indeed, many employees of foreign 471
firms taken over by the Japanese had to accept, under threat, allowances considerably short of this scale. 722 [466]

Thus very soon after the commencement of the Pacific hostilities, the former bustling industrial Shanghai died. The air, once polluted with the smoke of countless chimneys, cleared miraculously. Streets formerly grimed with coal dust became strangely clean. But these were improvements which boded ill for the people's livelihood. To the streets instead came to die many who could not find food or shelter.

Little detailed information is available as to conditions in 633
Shanghai after August 1942. But the social problems of the city 648
are substantially the same whether there is Japanese direction of the former administration or not. The Division will probably be forced during the period of isolation from the outside world, and through the proposed pseudo-changes in the Land Regulations referred to above, to use the Japanese-instructed Nanking Government Courts in enforcement. This may have one useful effect, that of removing those dangers of inequity and lack of evenhanded justice which exist when every factory engaged in the same trade is not subject to the same official scrutiny on the basis of clear regulations. The work of the Division in the last decade has shown that specific formal authority is not essential for useful achievement. The power of accurate facts has been very great. The appeal to reason has not been without result. While industrial conditions at the close of the decade were in many cases still thoroughly bad, within the limits of authority and capacity a not inconsiderable progress had been made prior to December 1941, laying the foundations of improvement in the lives and livelihood of workers in Shanghai.

633 under the prescribed tax sources provided only for the furnishing
648 of the bare elements of civic amenities such as peace, order and liberty and that there were insufficient funds to indulge in social welfare schemes and in the field of economic and social relief. The Council tended to balk at the idea of a small economic and social Utopia while surrounding areas remained immersed in poverty. But Chinese civic associations equally ignored the fundamental social situation. They were more concerned at the time with achieving political victories than with making social progress. Reluctance to venture into the field of China's economic ills was characteristic of Chinese Councillors as well as American, British and Japanese. Chinese Councillors were frequently men prominent in charitable work, some devoting virtually their whole time to organisations and institutions for relief. Yet few gave evidence of recognition of the possibility of attempting through municipal agency to make fundamental approaches, to do anything about the load of debt which burdened almost every family, or to ask themselves whether the wages paid by industry of whatever national ownership were high enough.

633 WHEN THE COUNCIL, urged to do so by the political nature of the
466 issue of the regulation of industrial conditions in the Settlement, decided to make a first appointment to its staff, it did not appear to be clearly seized of the exact nature or scope of the responsibilities on which it had embarked. It was generally accepted as the simplest course that the first emphasis should be on improving conditions of hygiene and safety in factories. No machinery in the shape of a special committee of the Council was set up to be the means of obtaining deliberation of the scope of the work, or to define the particular social problems which should be faced. This omission was later in practice found to have been useful. To attempt to have discussion of questions and arrive at a policy and programme, a method which would be considered to be most natural and useful in most circumstances, was found under the circumstances not the most suitable approach. Instead, those to whom the opportunity came to develop the work realised, after some initial mistakes in technique, that it would be necessary to work as quietly and unobtrusively as possible, taking advantage of this situation

here, avoiding making a mistake there, trying certain steps without 633
instruction,—and hoping they would succeed. If they did, they 466
could be gently reported in a monthly or annual report. If they were part of an adopted and printed report, the policy involved in these steps might be considered as not forbidden, and hence to be further acted upon. In the ten years of its existence the Council evidently found it preferable and expedient not to instruct or design the Division's development.

Several functions of the Division of considerable importance 633
were thus developed. Work in relation to mediation of industrial 466
disputes, to be described in detail in a later chapter,[1] was begun 625
without specific authority and instruction. Yet it was brought to a stage when it could exercise a considerable influence over livelihood, and where no major dispute occurred which was not mediated by the Division. In this particular instance, a quiet procedure was used because of the general position the Municipal police held. The police had been long established. To them, disputes were potential civil disturbances. They had for many years been the arbiters of strikes: but they had no conviction such as the Division held concerning the right of workers to collective action. Their province was more properly that of preserving the peace than removing potential causes of its breach. The method employed was, therefore, to use existing members of the Division staff to make experiments in mediation; when a dispute occurred to call on management to seek information as to its view of the dispute, to seek contact with workers and suggest that services in mediation by the Division's fair handling might be useful. It did not take more than a few months for a reputation to be built up among workers in a few enterprises. These, in turn, informed other workers, who, when they were involved in a dispute, called on the Division seeking its assistance. Similarly, employers for their part came to appreciate the services offered. Within a year its place was fully established. The confidence which was engendered proved the most potent influence in success. Because of the Division's greater specific knowledge of conditions of work and of understanding of the psychology of workers, the day came when the police recognised that their object of preserving the peace in industrial disputes could be served by inviting the mediatory services of

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[1] Chapter VI.

1 [Industrial Division of the Shanghai Municipal Council -- Analyst]

633 466 625 the Division. It is doubtful if this success would have been achieved if the substantial power of the police had been challenged by raising the question of a social approach to industrial disputes. Nor is it likely that a Council accustomed to listening to police warnings of possible civil disturbances if such and such a policy were instituted, would have upheld the views of a new social service against police objection. Instead, gradual successful practice of mediation at length established the theory of the appropriateness of the acquired mediation functions and the principle on which they rested.

633 466 625 467 It is admitted that in thus avoiding an open raising of issues the Division lost that chance for educative work which the democratic process would have given, in seeking, despite probable failure, to establish recognition of the theoretical as well as the practical validity of the social aims pursued. But when discussion might have meant inaction, it was better to forfeit it. It was never politic to raise formally with the police, with any chance of success, a proposal that labour unions should be encouraged, the view which the Division held. From 1937 onward Municipal Police required the registration of all organisations. They reserved the right to refuse to register those whose actions in their opinion would not help to maintain public peace. They refused to register labour unions. They permitted the registration of "mutual aid" groups with common occupational interests, but if these attempted to act as unions in formulating demands, their registration was cancelled. Some police officials took the view that all leaders of their fellows in any concerted action, no matter how unsupportable the conditions of work against which they protested, were "agitators." On occasions when informal discussion took place with individual members of police in positions of authority, few could be brought to see that unions encouraged and registered, with accepted leadership, could be a factor in preventing the use of unions by less desirable elements. Their negative recourse was to deny unions the right to exist. As later chapters will show, this attitude did not prevent powerful worker action. It merely deprived workers and the community alike of proper instruments for mediation and the development of experienced and acknowledged leadership.

633 466 511 In one issue where a discussion took place, the Division had to wage not one but several campaigns to preserve for the community

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Organization of the Labor Force on the Hwai River*

National Committee
of
Hwai River Harnessing

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Headquarters of Provincial Committee
of
Hwai River Harnessing

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Headquarters of Hsien Committee
of
Hwai River Harnessing
(There were five departments
under each provincial and
hsien unit)

1. Organization Department
2. Propaganda Department
3. Cultural Department
4. Recreation Department
5. Statistics Department

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Regiment (The number of regiments formed in one hsien is in proportion to the number of recruited men in that hsien.)

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Battalion (Four battalions make a regiment.)

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Company (Four companies make a battalion.)

↓

Platoon (Four platoons make a company.)

↓

Squad (Four squads make a platoon.)

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Section (Four sections make a squad; one section consists of 17 workers. the total number of workers in one regiment amounts to 43,520).

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* Chang Chao-feng, Chung-kung Chih-huai Nei-mu [The Inside Story of the Chinese Communist Conservation Works on the Hwai River], Hong Kong, 1953, p. 64.

the right to know what the situation actually was with regard to 633
the rising cost of living. After Japanese occupation of the environs 466
of Shanghai in 1937, the Council financed the work of producing 511
cost of living statistics begun by the former Chinese City Government. Again quietly and without raising an issue, the Division's figures concerning costs of living of Chinese workers were sent for publication in the *Municipal Gazette,* these statistics appearing monthly from October 1938. Early in 1940, when living costs had begun to rise steeply, and when workers were clamouring for wage adjustments, some operators of larger industrial plants addressed the Council asking that publication of these figures be discontinued. They were "misleading," it was argued, and the cause of unrest among workers. The argument to show the "misleading" nature of the figures was that they could not be correct, because if they were, workers would not be able to live as they did. The fact of the eternal load of debt on most working-class families was incompletely recognised, and met with the objection, "who would lend to workers unable to repay even their old debts?" Continuance of the publication of the figures was, however, ordered, after long discussion in the Council chamber. The Council showed its ability to see the social significance of the statistics. In 1941 the publication of cost of living figures was again challenged, but
again was ordered to be continued. In 1942, after Japanese occupation 633
of the Settlement, and the institution of a new currency 466
which the Japanese hoped would hide the continuously rising living 511
costs, a further effort, led this time by Japanese, was made to 722
cut off from the people any accurate information as to the economic situation. Once again the Division succeeded in maintaining publication of the indices even during Japanese occupation.

THE CREATION OF a qualified, devoted Chinese staff was from the 633
beginning considered to be essential and the pivot on which everything 466
else would depend. Experienced, wise Chinese men and women with close understanding of problems and with a devotion to people, were sought and challenged to submit themselves to possible misunderstanding of their more nationally minded compatriots by entering the Council's employment. If such persons could be induced to use an administration they did not personally

633 favour for the sake of its service to their own people, it was felt something might be accomplished.

466 First appointments were very carefully made. A Chinese engineer, who had "had his hands dirty," had worked in machine shops himself and had skills with machine tools, who had worked side by side with workers and could in a very real sense speak their dialect, was a first choice. A second was a Chinese woman graduate of a well-known Chinese women's college and of an American school of social work of national reputation. She had not hesitated, after her return from America, to take a post considered very humble in China as matron in a factory dormitory, in order that she might from this vantage point grapple with conditions of work in the factory. A foreign member of the staff was later to become internationally famous as the moving spirit in the development of Chinese Industrial Co-operatives in "Free China." He knew Chinese life intimately in Shanghai, and in the years 1933-38 materially contributed to betterment of conditions and converted many younger Chinese engineers to his outlook. These were early choices: they proved right.

A staff of four members in 1934 had, by 1943, grown to one of fifty-five. Only four of these were foreign, one being Japanese. Of five most important posts, four were filled by Chinese. From the beginning it was decided to create a staff almost entirely Chinese, though as previously noted in other Council departments most senior posts were filled by foreigners. The step was logical, seeing that the new Division was to deal with social issues, the life and livelihood of the Chinese people. Furthermore, the effort was successfully made to secure (with the exception of a small statutory differential between the remuneration of all foreign and Chinese staff based on the view that foreign staff members had commitments abroad) that Chinese and foreign members of the staff in the new Division be equally graded and receive equal remuneration. And again the aim was that there would be no differential between the emoluments of men and women members of staff doing work of equal importance, though this habit held in other Council departments. This intention also was successfully carried out, though sometimes in the face of opposition of those who failed to see why a qualified woman should receive the same grade and pay as a man.

These principles were the expression of the spirit with which the 466
work was begun and carried through: that Chinese and foreign 633
members of staff were equal partners in a high adventure. There 177
was a real comradeship based on mutual respect for the capacity and the motives of each individual of whatever nationality. The especially fine minds and wise judgment of Chinese colleagues, steadily creating their own work in their own fields, found appreciation among the foreign staff; the generous sharing of experience and the friendship of British, Austrian, Danish and Japanese staff members with their Chinese colleagues was equally welcomed. In short, a comradeship, consciously aimed at and greatly desired in advance in the early years of the Division's life, was achieved.

As members of the staff were sent out to make initial contacts 466
with factory owners in the early years they had one instruction: 633
to make friends. In the absence of powers of entry, with the pos- 471
sibility that they would be refused, nothing could be done unless they could make themselves wanted. To a large extent the staff succeeded. As time went on and contacts widened, the Division staff earned an enviable reputation for knowledge in their field, so that they were welcomed on this account as well as personally. Moreover, the absence of power to enforce court action has some compensations. Staff members knew that on themselves alone and on the vigour they were able to bring to their work depended their success. Unless a factory owner could be convinced of the reasonableness and rightness of the request made, the possibility of obtaining compliance was remote. And, further, the lack of power to hale into a Court meant that it was seldom considered worthwhile by an employer to offer to suborn a member of the staff so as to escape the necessity of carrying out his requirements. The total effect of these factors was to give to the Division staff a satisfactory status in the community and a useful relationship with the majority of Chinese employers.

Foreign employers reacted somewhat differently to the Division's efforts. For the most part physical conditions were considerably better in British, American, German and Japanese plants than in Chinese-owned enterprises. In consequence in the efforts to achieve safety and better hygiene, less had to be done in foreign enterprises. Many western employers had the same attitude to "government

466 interference" as employers in their home countries had entertained
633 decades before. Both western and Japanese employers knew that
471 no specific power lay in the hands of the Council to enforce standards. But in general they, too, welcomed the Division staff, submitted with good grace to suggestions for improvement, and carried out the recommendations made. Japanese employers were punctilious in installing safety devices suggested. They were not unwilling to meet Japanese standards in safety and hygiene generally. But neither Japanese nor Western nor Chinese employers were ready to consider modifications of hours of work, or rest days, matters in which—especially in the textile industry—reform was greatly needed.

In the absence of enforcement powers it was sometimes necessary to use something more than sweet reasonableness. A Chinese member of staff would report inability to secure compliance from a Chinese factory owner. Then the device of sending a foreign member would be resorted to. Or a foreign member would report he could do nothing with a certain Chinese owner: and the device of "changing the record," sending a Chinese voice, would be used. Or a man member of staff would fail; and then the eloquence of a Chinese woman, to which no mere Chinese man can stand up, would be used. Or again, failing to achieve success by talking on the premises of the industrialist where he was at home, he would be invited to the office of the Division, and, strangely, would most frequently comply. Then the staff, being in turn at home and hence with a psychological advantage, would urge its point of view. In most cases and by the use of one or other device, success was recorded. It cannot be denied, of course, that this was achieved at the expense of much effort, much waste effort, which the possession of ordinary powers of enforcement would have made unnecessary. It is thought, however, that more education was done through the means that had to be adopted than would otherwise have been the case. The one basic principle was belief that always there was *some* way in which a situation could be bettered.

466 Events during the decade in which the work described in this
633 monograph took place induced a certain change in general attitudes. When, in 1940, it was decided to set up a regular Council committee to be concerned with the Division's work, a Councillor

in commending the progress made stated that the Division had brought the Council into close touch with the people and with their problems and had thereby performed a great service. For, as subsequent chapters will show, the steady rise in the cost of living from 1938 onwards, and the necessity of a continued concern with the supply of the people's rice, had stirred into action a Council previously more remote from general social issues. In their own businesses, whether commercial or industrial, Chinese and foreign Councillors who were employers were beset with the claims of their employees that their earnings be adjusted to meet rising living costs. In their own homes they faced the problem intimately with their own servants. Aloofness faded before the new difficulties in every-day life. Employer and employee, master and servant alike, had difficulty in maintaining even a shadow of the former standards of living, particularly after December 1941, and this common adversity begot a better general understanding of what livelihood for the Chinese worker in Shanghai meant.

Political, economic, psychological factors had their play and interplay in the decade when the Division sought first to function. Let us now examine some of the issues it faced in greater detail.

CHAPTER III

TOWARD HEALTH AND SAFETY IN INDUSTRY

464 466 Conditions ruling in industry in Shanghai during the twenty years since the first movement to eliminate child labour was initiated with the appointment of the Child Labour Commission have often been described.[1] From the point of view of an administrative programme, however, many things remain to be said. It is obvious that industry which was allowed to develop with little public supervision and in the virtual absence of a legal instrument with which control over it might be exercised, and in a country of low living standards where mechanical concepts have, till recently, developed but slowly, would not spontaneously have given the attention to safety, hygiene and working conditions which was achieved in western countries first through the intervention of authority and only latterly through a realisation by employers that "good conditions pay."

178 It is difficult to give an accurate picture of the extent of Shanghai's industrialisation. Prior to the complete occupation of the Settlement by Japanese forces in December 1941, figures showing investment, production, the value of turnover, and the like were not obtainable in the absence of compulsory powers in the Council's hands to require their submission. A first effort toward an industrial census for the International Settlement was planned in 1940, to be taken simultaneously with the population census of the Settlement scheduled for that year but postponed because of the then abnormal state of affairs. Consular authorities, trade commissioners, chambers of commerce and leading industrialists were

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[1] The latest treatment of the subject, by Robert W. Barnett in *Economic Shanghai: Hostage to Politics*, Institute of Pacific Relations, New York, 1941, deals with the general industrial picture, the extent of industrial employment, the effects on it of the hostilities which broke out in 1937 and the recovery which took place between 1938 and 1940. He describes in some detail the conditions ruling in small-scale enterprises, taking a sample area of dwellings converted to factory use and showing the kinds of industry present and the conditions under which work is carried on in them. He draws for much of this information on the annual reports of the Shanghai Municipal Council. Little would be gained by a recapitulation of the material there adequately presented.

approached for their views on an industrial census, the last-named 178
as to their willingness to supply needed information. With world-
wide hostilities raging, the usual reluctance to supply confidential
information was enhanced in most national groups. It was neces-
sary therefore to abandon the plan, and in consequence no accurate
measuring rod exists with which to assess Shanghai's industry.

During the first half of 1942, the Asia Development Board, the 722
organ of the Japanese Military which dealt with economic ques-
tions, undertook a complete study of all industry, of whatever
national ownership, with a view to its use in Japan's war effort.
The results have naturally not been made available.

The great majority of factories and workshops in the Settlement 471
were, prior to December 1941, of Chinese ownership. The larger 466 ●
plants and those employing the most workers were generally in 465
foreign (Japanese and western) hands; and, of these, western in-
terests owned the comparatively few plants which approximated
"heavy industry." In general, foreign-owned plants were modern
and well-operated. Except in the textile industry their hours of
work were shorter than in Chinese plants. Earnings were somewhat
higher also. It is believed that in Shanghai there were some 1,800,-
000 spindles in 38 Japanese-owned or Japanese-controlled cotton
textile enterprises, 240,000 in five British, and 650,000 in 21
Chinese-owned cotton mills.[3] Individual cotton mills employed as
a rule from 1,000 to 4,000 workers, some more. There were few
other Chinese-owned plants with as many as 1,000 employees, and
though a larger number of medium-size Chinese-owned industries
existed, many of them were but extensions of domestic industry.

In the absence of sufficient small buildings erected for industrial 466
purposes, hundreds of small Chinese factories and workshops were
housed in buildings originally designed as dwellings and converted
to industrial use. In the majority of cases, those who worked in
these buildings lived in them without sleeping accommodations
separate from their working quarters. A workshop by day was a
dormitory by night; untying a bedding roll and spreading it out
made sleeping quarters of the same few square feet in which the
daytime tasks were performed. The housing congestion which is de-

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[3] A world total of 145,923,000 spindles was divided in part as follows: China, 4,450,000 spindles (estimated); Japan, 11,502,000; India, 10,054,000; Great Britain, 36,322,000; the United States, 25,378,000; European continent, 50,205,000. (*The Cotton Year Book*, New York Cotton Exchange, New York, 1939.)

466 scribed later[3] applied equally and similarly to the small industrial enterprises, since these were housed in dwellings which were the homes of workers and others. Some enterprises were so small that they occupied only one room of what originally was a four-room house, the remaining rooms being the homes of families or other small workshops.

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Conditions of this kind present authorities with almost insuperable problems in securing safer and more healthful conditions of work. Even if there had been unassailable instruments by which the proper departments of the Shanghai Municipal Council could have instituted court proceedings to enforce reasonable standards, the actual attainment of better industrial conditions would have been extremely difficult. When, as was often the case, enterprises were without sufficient space in which to install machine guards, lacking all sanitary equipment, with so little capital that the cost of improvements of any kind was prohibitive,[4] then the responsible authorities were confronted with this dilemma: is it better to permit employers to carry on unbelievably small or badly operated enterprises, endangering the life and health of those who work for them, employing them grievously long hours for very small remuneration, or should the authorities insist upon the closing down of such ventures because they cannot conform to even the most elementary standards of safety and hygiene? Frequently Council officials had grimly to suppress their feelings of sympathy when the existence of a completely insupportable situation, in which the lives of many were being risked, forced them to insist on the abandonment of an enterprise. Saving lives by closing dangerous trades meant destroying a source of meagre livelihood—a bitter decision.

FOR THE FIRST SEVERAL years of its existence the Industrial Division's sole concern was with physical conditions in industry. Since there was no legal instrument of enforcement, reliance had to be placed largely on the tact of first-class personnel whose educa-

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[3] See Chapter VII.

[4] Though individual plants may have had small capital resources, there was capital in the city. There were individualistic tendencies, however, which resulted in many small undertakings being opened with poor working conditions, comparatively costly working, inducing the use of child labour and frequently ending in suicide *for the enterprise.*

tional and moral influence could induce employers to remedy 633
unsatisfactory situations.[5] It is to the credit of those who worked 466
in the early days that, undismayed by the size and difficulty of the task, going daily into back alleyways where very bad conditions existed, they attacked the worst of these and frequently eliminated possibilities of almost certain death by the changes which they were able to secure. Taking industry by industry, as opportunity presented, efforts were made to remove the most obvious dangers associated with their operation.

Less than two months after the first official was appointed by 633
the Council to deal with industrial conditions, there occurred the 466
worst industrial tragedy in the history of the city. On February 295
21, 1933, an explosion followed by a fire in a rubber shoe factory caused the deaths of 81 persons, 76 women and five men. The cause of the explosion was not definitely established. In all probability it occurred in a vulcanizer in which rubber shoes were "cured." Gasoline fumes driven off by the heat probably reached a potentially explosive degree of concentration, and a spark was perhaps supplied by the dropping of a steel frame inside the steel shell of the vulcanizer. There is still the possibility that the explosion was caused through faulty electrical installation in the dipping room, where rubber shoes were covered with a varnishing mixture containing a high percentage of gasoline. Here also a suitable concentration of gasoline fumes in the air could have produced an explosive mixture. In any case an explosion and fire occurred. Working at benches in the room immediately above the vulcanizing room were some 250 women, also using gasoline as a solvent and thus in an atmosphere charged with fumes. The fire spread with such rapidity that they were unable to escape, and the wooden floor on which they worked collapsed shortly into the inferno below.

This tragedy drew attention to general conditions in the rubber shoe industry which had grown swiftly in the preceding years. In 1933 there were 26 rubber shoe factories, all of them using gasoline freely without even the most elementary precautions. Some were grossly overcrowded and unable to provide adequate exits for the hundreds of women working on the shoe-forming process. Though without the legal power to do so, Industrial Division officials

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[5] See Chapter II.

633 through sheer insistence succeeded in closing six factories where it
● 466 was found impossible to effect improvement. The remaining
295 twenty were radically reformed. Among transformations which had made the whole industry reasonably safe by 1937 were the isolation of processes where gasoline was used, so that if a fire were to occur in one place it might not spread; the installation of proper electrical fittings for fume atmospheres; the inspection by qualified engineers of boilers, vulcanizers and other pressure vessels; the provision of adequate exits; and the installation of exhaust ventilation. Many owners built and occupied new premises. It was unfortunate that the hostilities in 1937 destroyed some enterprises and damaged many others where higher standards had been established.

The story of this particular industry has been related in detail since it is typical of the work that had to be done under conditions where no previous regulation had existed. Wherever it was possible to do so, in a wide range of industrial processes, standards were raised. But, as will be shown later, many fires and explosions occurred during the course of the improvement programme.[6] It almost seemed as if, as the efforts at betterment were being made, tragedies occurred to supply concrete evidence of the dangers. They assisted in the development of a public opinion urging action to prevent them. They were an added spur, if one were needed, to the efforts of those responsible for securing action. It can be asserted that the occasions so sadly presented were not lost. They meant renewed efforts by those whose aim was the elimination of the hazards which caused the tragedies.

633 Less obvious to the public perhaps but as serious to the workers
466 were the health hazards which efforts were also made to eliminate and which are referred to later in this chapter.[7] A difficulty confronting the authorities lay not only in obtaining an initial compliance on the part of employers. Action could be secured finally, after sufficient insistence, by exploiting something of a nuisance value in repeated visits to offending factories, or, otherwise, appealing to the better nature of employers. Securing the permanence of the better conditions induced required further insistence. Mechanical installations for the removal of metal dust from polish-

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[6] See page 38.

[7] See page 39, ff.

ing plants or of fumes from chrome-plating vats cost money to run; motors to drive the fans had to use electric current. It was cheaper to shut them off when the inspector was not about. Unfortunately, workers had, for the most part, little comprehension of the less obvious aspects of industrial hygiene; only when experiencing actual discomfort were they likely to insist on the operation of the apparatus.

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Industrial accidents were both frequent and serious. This was to be expected in plants where congestion and generally haphazard operation and management in themselves contributed to the dangers always associated with the operation of power-driven machinery. Machine guards were almost universally absent even in factories owned by foreign nationals who in their own countries would be required by law to install them. The number of fatal accidents between 1934 and 1941 averaged approximately 100 annually, while serious accidents reaching the attention of the Division numbered about 1,500. In the absence of a routine compulsory notification of industrial accidents, it may be assumed that the actual numbers were far in excess of these figures. Information concerning accidents came largely from the hospitals where the injured sought aid and from police and municipal ambulance services, and the figures cited under these circumstances refer for the most part only to the more severe cases.

Using information from these services, the Division from the inception of its work inspected the scenes of as many accidents as possible in order to instruct the occupiers of the premises in preventive steps. Even without statutory power of enforcement, much was accomplished in achieving safer conditions of work by thus seizing the psychological moment when even an otherwise indifferent employer was shaken by an accident, perhaps a fatality. Nevertheless, after several years of endeavour, whole factories were still without proper safety installations. Even if there should have been authority to compel the adoption of necessary safety measures, nothing short of individual inspection and instruction would have induced installation in the majority of cases. The concept of law as something to be obeyed because it is law was not prevalent.

IF THE OUTBREAK of hostilities in 1937 destroyed much of the advance which had been made, the reconstruction period from

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1938 to 1941 presented unique opportunities which Council officials seized eagerly.[8] Better standards and more suitable installations followed the erection of hundreds of new plants. The required submission of plans to the Building Surveyor of the Public Works Department under the Council's Building Rules gave many opportunities for contact with factory owners in the early stages of the development of their projects, and permitted the exercise of considerable influence upon what emerged. The destruction of his plant had in some instances deprived a factory owner of his resources and had driven him into beginning again on a small scale with all the disadvantages of the small enterprises previously described, but it also produced a counter-tendency. Those who were able to obtain capital for rebuilding frequently constructed anew on a modern plan, thus realising at one stroke the improvement which would have taken a considerable time in their former, destroyed plants.

The reconstruction took place at a time when newer industrial thinking among some Chinese factory owners prevailed. The generation of Chinese pioneers who had entered the field of modern industry in the first two decades of this century had done so with little fundamental understanding of mechanical operations. The waste which has occurred in Shanghai factories in the last forty years from a lack of understanding of elementary principles of industrial operations must run into large figures. If machinery ran and if goods were produced—that was enough. The fact that machinery was misused, abused, wastefully operated, or rendered useless in a short time mattered comparatively little to men who had poor understanding of machinery or of its care and upkeep, and whose economic thinking for the most part was geared to immediate "profits" rather than the long-term remunerativeness of investment.

In many cases these older entrepreneurs had given their sons educational opportunities which they themselves had lacked, such as engineering training in universities in China and abroad. In the 1920's and 1930's the numbers of qualified Chinese engineers returning from abroad had grown considerably, and they were filtering into industry. Following the 1937 destruction there were enough well-trained engineers to undertake the planning of the

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[8] See Chapter I.

new enterprises in a manner vastly different from that in which 633
the first industrial efforts had been embarked upon. The Division 466
took full advantage of the opportunity thus presented to co-operate 178
with the more modern-minded Chinese industrialists. Every correct installation, every new advance in standards of excellence represented an achievement which, as time went on, others in the same field could be challenged to imitate. In consequence the Settlement industrial scene by the time Pacific hostilities broke out in December 1941 was, in part, one in which newer ideas and concepts had begun to prevail.

A conspicuous example was in the silk reeling industry. Prior to 633
the outbreak of the 1937 hostilities, the Division had used its influ- 466
ence to obtain the closure of several of the older filatures in the Set- 464
tlement. Many filatures were owned, not by those who reeled the
silk, but by property owners who had installed crude reeling 178
machinery and let the premises season by season to men in the 288
reeling business. It was small wonder that the conditions were appalling. A depression in 1935 helped to convince the owners of old plants that the time had arrived to put their land to better use, and demolition of several filatures followed.

Thus at the outbreak of the 1937 hostilities there were only two silk filatures in the Settlement. New filatures had been built instead in nearby provincial cities, where there is less general congestion because land is cheaper. Skilled reelers no longer left their cities to come to Shanghai for the reeling season. But when hostilities spread into the hinterland of Shanghai, and the city became one of the few places where Chinese-owned industry might operate freely, there sprang up in 1938 no fewer than 46 steam silk filatures. The reeling of silk from cocoons demands in the first instance the freeing of the filament by boiling in water, and cocoons have to be soaked continuously in very hot water during the whole of the reeling. Old-type silk filatures contained long double rows of basins. In one row, where the water was kept actually at boiling point through steam pressure, small children beat cocoons so as to free the filament; and at the other sat women, handling extremely fine threads usually reeling from five cocoons to produce one thread of reeled silk. Tiny children stood for an eleven-hour day, soaked to the skin in a steamy atmosphere hot

464 even in winter, their fingers blanched to the knuckles and their
466 little bodies swaying from one tired foot to the other, kept at their
633 task by a stern overseer who did not hesitate to beat those whose attention wandered.

178 The erection of many new filatures was the occasion to insist
288 on a reform which had two objectives. Owners were required to install a "central boiling system," apparatus outside the workroom where cocoons were boiled. As a result, cocoons did not need to be beaten by children in actually boiling water, and cocoons needed beating less long. Though children still were used, there was some mitigation in the conditions of their work. In every one of the 46 steam silk filatures which commenced operations, success in obtaining installation of a central boiling system was achieved. And this reform was accomplished, not through legal compulsion, but through the influence of a Chinese woman factory inspector who was respected in the silk trade for technical knowledge previously gained in a Wusih filature.[9] She had reformed the operations of that filature in several ways, thereby influencing the entire silk trade in Wusih. And when hostilities drove them to Shanghai, Wusih owners and others were willing to take her direction and advice.

A second advance was made in the installation of more modern machinery known as the "slow reeling system," which dispenses with the necessity for beating the cocoons after boiling. As a result, no children need be employed. Two filatures installed this type of machinery. One, the most modern and best managed, was owned and operated by a Chinese woman. Other filatures were persuaded to experiment in the installation of a mechanical stirrer, which also had the effect of eliminating the work of children. Models of a mechanical stirrer were developed with the encouragement of Council officials by one of the new machine shops equipping the majority of the new filatures, three of which installed the device. Production was found to be improved thereby in one instance.

[9] Before the outbreak of hostilities, Wusih, a city some 70 miles distant from Shanghai, was an important industrial centre where all enterprise was Chinese-owned and operated. Flour and cotton mills and silk filatures represented the most important industries. Located in a sericultural area, with a supply of soft water particularly suitable to the reeling process, Wusih was well situated to be a silk reeling centre. The earliest modern silk filatures in China using the slow reeling process developed in Japan were in Wusih.

The experiment could not be carried out to its logical conclusion, 288
however, because after the spring of 1939, when the Japanese 722
instituted controls over the cocoon output in the provinces, it became increasingly difficult to obtain cocoons from these areas. By the end of 1940 only two or three filatures were still operating, and the spring of 1941 saw very few cocoons reaching Shanghai.

DESPITE THE LACK of legal powers, it proved possible radically 633
to reform the manufacture and operation of steam pressure vessels. 466
Prior to 1936, when the institution of controls began, local boiler 375
yards manufactured boilers almost exclusively from metal plate of unknown quality and test, and from designs which did not conform to accepted standards. Neither owners nor workers in the boiler yards had the necessary knowledge for an engineering task requiring special training. The result was that hundreds of initially unsatisfactory boilers had been installed. Regular inspection of them was unknown. Explosions were frequent, at times accompanied by loss of life; and the wonder was that they did not occur almost every day.

In 1936 the Council adopted rules governing vessels and systems under pressure, and for the registration of boiler yards. By the rules all local boiler yards had to employ the services of a Council-approved boiler surveyor who would design and supervise the construction of all vessels. Boilers had to be inspected and registered. Thereafter annual re-inspection was required. A roster of qualified engineers of all nationalities was obtained with the assistance of a specially appointed Boiler Board.

Although the regulations carried no penalty clause, it proved possible to apply them to a very considerable extent. All of the 34 boiler yards in the Settlement were registered, and no boiler after 1936 was manufactured or extensively repaired in them unless a permit therefor had previously been obtained. Qualified boiler surveyors supervised the construction and repair, and submitted copies of certificates describing the metal plate used. Considering the steep rise in the price of imported steel during those years, a result of higher world prices and the lower exchange value of the Chinese dollar, it is noteworthy that tested steel became universally used in pressure vessels manufactured in the Settlement.

G33 There remained much to be done before the goal of regular annual
466 inspection of all pressure vessels could be achieved.[10]

375 In July 1940 licence conditions under Byelaw 35 were instituted as a measure to control the use of celluloid and allied substances.[11] In 1939, twenty fires had occurred on premises associated with the
466 use of these substances, involving the loss of 28 lives (50 per cent of
G33 all deaths in factory fires during that year), and an additional 35 persons were injured. In 1940 there were 15 fires with five deaths in factories using celluloid and cellulose spray paint. Many very small enterprises, operating on domestic premises and manufacturing such items as spectacle frames, combs and small toys, constituted a real danger. Cellulose spray painting operations were widespread. Use of a portable spray gun makes this type of work possible on all kinds of premises. The Division required installation of suitable exhaust ventilation in factories using cellulose spray paint and refused special "hazardous goods licences" for spraying operations in unsuitable premises. Progress was consequently made in removing this particular danger.

From July 1941, all enterprises handling hazardous liquids as alcohol, ether, amyl acetate, etc., also became subject to licence. When mixed with air in certain proportions, these liquids are explosive in addition to possessing inflammable properties. With the licence system, factories manufacturing alcohol, and others using gasoline as a solvent in the manufacture of rubber shoes, or amyl acetate as a solvent in the handling of celluloid, were brought under the control of the authorities. Failure to comply with requirements rendered a factory occupier liable to legal prosecution, but the comparatively small fine applicable was but a slight deterrent. Only after several court charges could Article 18[12] in the Law Governing Penalties for Police Offences be applied, thus compelling the backslider to cease operations.

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[10] By the end of 1940, 1,167 pressure vessels (including 969 boilers) were registered, and the Council's identification number had been stamped on 613 of these. In 1940, 440 inspection certificates were executed by Council-approved boiler surveyors. The 1941 figures showed a small improvement.

[11] Byelaw 35 reads: "No person shall keep, store, sell or manufacture any firearms other than those used solely for sporting, volunteer or police purposes, or any dangerous or inflammable materials, namely those which on account of fire or explosion may endanger life or property . . . or carry on any dangerous or hazardous trade . . . without a licence first obtained therefor from the Municipal Council, and in the case of a foreigner countersigned by his consular authority."

[12] The Article reads: "Prohibition of business may be ordered when the offender is found guilty of recidivism in respect of a similar offence."

Following the outbreak of Pacific hostilities in December 1941, with consequent cutting off of sources of supply of imported commodities, many enterprises attempted the manufacture of chemical products otherwise unobtainable. About twenty small plants manufactured caffeine from tea dust. In this, chloroform is the usual solvent, and in its use there is little danger from fire. When stocks of chloroform became short, the use of alcohol as a solvent began, and the alcohol had to be at a high temperature for the process. Alcohol itself being under strict Japanese military control, Chinese rice wine was used, its alcohol content being stepped up by distillation. In July 1942, a faulty coil installed in a still caused its explosion and the death of eight persons and serious injury to seven others from alcohol burns. No case appeared to lie in the Court for negligence under the Criminal Code.[18] An action for operation without a licence resulted in a fine of $1,500, an amount quite insufficient in view of the serious loss of life.

The process of bringing any one group up to the desired standard proved a long one, especially when the requirements for even minimum safety standards are so extensive. Guarding of machinery, provision of adequate stairway and doorway exists, installation of mechanical exhaust in the case of harmful dusts and fumes, proper sanitary provisions—all these it takes time to obtain.

THE RANGE OF ENTERPRISES where progress was made in bettering conditions of work through removal of dust or fumes from the atmosphere is considerable. The list includes flannelette, cotton waste, toothbrush, feather-cleaning and seasoning-powder factories. cotton, paper and brass rolling mills, rubber plants, and plating and polishing shops. Not all enterprises among the types mentioned were brought under supervision, but conditions in at least some of each type have been bettered.

Conditions in plating and polishing shops were particularly bad. Chromium salts cause serious ulcers, and the fine mist which rises from the plating vats during the passing of electric current through the solution to plate metal articles can cause piercing of the nasal septum. The crowded working conditions in the small enterprises

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[18] See Chapter I, page 8, note 5.

633 ● 466 where most of this work was done, and the absence of suitably impervious flooring which would enable the chrome salts to be removed from floors, frequently caused workers able to afford only cloth shoes and without protective covering for the legs to develop bad ulceration of the limbs. Once a skin lesion occurs, the generally insanitary conditions contribute to its aggravation. By 1935, as a result of insistence by the Industrial Division, no known plating vat of the more than fifty shops engaged in this type of plating was without suitable exhaust to withdraw fumes, thus reducing the danger of pierced septa. Efforts were made also to insist that workers should wear rubber gloves and leg coverings.[14] The polishing of metal articles with carborundum powder on cloth wheels in the plating shops constituted a further health hazard, because of the workers' inhaling and swallowing metal dust. The installation of an adequate exhaust to remove the dust at the point of origin was both expensive and physically difficult in the crowded conditions of many under-sized premises.

751 466 633 744' There are specific health hazards in industry such as those which have been mentioned—the use of chromium salts, the handling of lead in charging storage batteries, in typefounding and in printing shops, in the use of cellulose spray paint and so on. But the general insanitary conditions probably constituted a greater total health hazard for the whole body of workers, and the practice of giving food as a part of earnings was often responsible for widespread dietary deficiency diseases if the food lacked essential vitamins. The nutrition problem in factories is discussed in a later chapter. The Division accordingly felt the necessity of organising services to ensure that there was regular concern with the general sanitary conditions on the part of those employed by the industrial enterprises themselves. The occasional inspection visit of a factory inspector was quite insufficient to secure regular consistent supervision in such elementary matters as the provision and proper care of sanitary accommodation, the clearing away of accumulated rubbish, the daily cleaning of premises, or the washing of windows to permit the entrance of light to working places. Some factories, particularly the larger cotton mills, had for some time employed a doctor or a nurse or both. But these were seldom personnel of first class calibre, and they saw their task narrowly as being con-

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[14] See also Chapter IV, pp. 66 and 67.

cerned with sick employees only rather than concomitantly in 751 insisting on healthful conditions of work. These doctors and nurses 466 were gathered into conferences by the Division and under its 633 influence their concepts of their tasks widened. Their authority 744 in the plants grew, backed by the interest and authority of the medical officer in the Division.

But there were many plants which could not afford the full-time services of a doctor and a nurse, and no measures of a health insurance nature made available a health service for the community. Facilities in outpatients' departments in hospitals were not sufficient in Shanghai to meet all the needs, and only in rare cases were they made use of for the dressing of wounds or for minor ills of industrial workers. Distances were too great; loss of wages in attending outpatients' clinics were deterrents to most workers. Yet many who continued to work were in need of help. Many women engaged in textile operations had large sores on the legs. Originally perhaps caused by the bite from an insect—bed bugs infest most houses—they had become infected, and the long standing at a spinning frame or at a loom aggravated the lesion and prevented healing. Where were women employed in the smaller textile plants to get attention? Where could the initial stages of beriberi be detected, and how could the management of a factory be warned to improve the diet of the workers?

The machinery which was evolved to give workers in smaller factories some clinical assistance, to arrange regular physical examination of workers and regular supervision of the sanitary conditions was the co-operative clinic. Three had been organised up to August 1942. Two were clinics with a fixed location, centrally placed in relation to some 25-30 factories employing 2500 to 3000 workers. There a doctor and nurses were in attendance and workers came for attention. The third was a mobile clinic; a nurse made the round every day of a group of related industries in a neighborhood. This clinic served six coal briquette factories, and so successfully that a seventh asked that the nurse's services be extended to that enterprise also.

The clinics were controlled and financed by the contributing member factories, with the Division's medical officer as adviser. The cost in August 1942 was CRB $1.50[15] per month per worker,

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[15] See Chapter IV, note 2.

751 466 633 744 with an entrance fee of CRB $3 per worker. The members of the committees which met regularly to consider matters in connection with the clinics became by this very process more and more informed and interested in the health of their employees. Contributing factories, paying for service, wished to receive a return. They therefore welcomed the inspecting visits of nurses and doctors and generally complied with their suggestions.

Records of the incidence of sickness were kept by factories employing their own doctors and nurses and by the co-operative clinics. These records were regularly analysed by the Division. It was apparent that dietary deficiency diseases constituted the most frequent cause of illness among workers. Injuries to limbs were next on the list. Eye diseases including trachoma were frequent.

The co-operative clinic was also the centre from which managements could be taught the principles of proper feeding for workers, and workers could be taught some of the elementary principles of health. In a severe cholera epidemic in the summer of 1942, in addition to arranging for the inoculation against cholera of all workers in contributing factories, one clinic gave 1,500 workers associated with it instructions as to the cause of cholera.

466 633 To a western observer a discussion of industrial conditions must surely refer to hours of work and rest days. While without legal authority it was possible to improve physical conditions of work, particularly in respect of safety and health issues, and to exercise influence upon the earnings of workers, compensation paid to them and so on, it was not possible to limit hours of work in the absence of a legal power to do so. In consequence, no progress has been made in this important phase of conditions of work. It may seem strange, too, to read that no control was exercised over the commencing age of work of young people, seeing that as long ago as 1922, twenty years since, the Council had, in response to public demands, appointed its Child Labour Commission. 464 633 There are fewer children at work now than there were then. They are seldom met with in cotton textile mills which have of themselves found that the work of children is not good enough. But the fact must be admitted that, in the absence of legal compulsions, except in a few instances where the influence of the Division has induced the elimination of children in certain industries, as a general practice child labour still exists.

The depression into which industry fell following the outbreak 466
of Pacific hostilities rendered even more difficult the task of 722
obtaining any improvements. The cost of raw materials rose 435
steeply. It was beyond the financial power of factories which could continue operations to buy sheet metal at greatly enhanced prices for machine guards. Even timber reached a price where its purchase was almost impossible. The smallest alteration to a building to render it more suitable cost considerable sums, for, in addition to an increased cost of materials, labour costs greatly increased. Certain commodities were quite unobtainable. To install an exhaust fan cost a large amount. To raise the height of a chimney would in some cases eat the profits of a month's operations.

Obviously progress in the physical betterment of industrial 000
conditions must be measured in decades, not in years. It is dependent on a restoration of the political sovereignty of China; for only with this can there be a sufficient improvement of the economic situation to secure among the industrialists at large a conscious aim of providing more suitable premises, more adequate safety measures, better hygiene, shorter working hours, and all the other factors which contribute to the provision of a better life for workers.

511 to July 1942. On the basis of the standard of living in October-
565 December 1941, and with prices ruling in 1936, the general index figures were: 1936—100, October 1941—790.07, June 1942—2,879.10, with the purchasing power of the dollar at 5.17 cents in that month. These figures have reference to prices in Chinese National Currency. With prices in Central Reserve Bank Notes the figure for July 1942 was 1,625.87 with the purchasing power of the 1936 dollar at 6.15 cents. For the purpose of the index it had to be assumed that there existed a shadow of a CRB dollar in 1936. The two currencies existed at par side by side for several months until divergence began in March 1942. This assumption is, therefore, probably justified.

465 No analysis of the payrolls of commercial organizations or educational institutions has been made, as has been done for workers. Hence it is not possible to indicate the real wage position by an accurate figure. There is no doubt, however, that this group in the community, at the start often as inadequately remunerated as were manual workers, suffered greatly in the years of Sino-Japanese hostilities. It is probable that the real income index was even less favourable than that of workers.

466 PAYMENT BY EMPLOYERS of a sum of money to the relatives of workers killed in the performance of their duty has long been an established practice in Shanghai. The custom, in line with the principles underlying compensation laws in the western world, was crystallized into law in China by the promulgation of the Factory Act on December 30, 1929.[7] No case is known where a

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[7] See Chapter IX, Articles 45-48 of the Factory Law. A translation of the more significant clauses follows:

The factory shall pay to the workers injured or killed in the performance of their duty allowance for medical treatment and compensation. The amount of allowance and compensation shall be based upon the following scale:

(1) For the worker temporarily incapacitated either through injury or sickness, the factory shall, besides bearing the medical expenses, pay him or her each day an allowance amounting to two thirds of his or her average wages for a period of six months; and upon the expiration of that period, if the worker has not yet recovered, an allowance amounting to one half of his or her average wages, but such payments shall only be made for a period of one year;

(2) For the worker permanently disabled either entirely or in part through injury or sickness, the factory shall pay a disability allowance in proportion to his or her loss of earning capacity. Such allowance shall, however, not exceed

worker claimed his right through the Court; indeed, the fact that 466
they had rights under the law was known to comparatively few. In consequence the families of many workers killed in industrial accidents accepted less than their legal due, and many temporarily or permanently incapacitated received none of the benefits which the law intended they should have. While in most countries claiming of compensation is left to the worker or his family, in others where the general educational level of workers is not high, it is part of the administrative function to see that compensation payments are made. It would appear that the Chinese Government, in outlining the duties of factory inspectors in the Factory Inspection Law promulgated February 10, 1931, excluded concern with compensation payments of the Factory Act from the duties of inspectors. A programme for the enforcement of factory inspection approved by the Ministry of Industries in April 1934 stated "the factory inspector shall limit himself to the investigation of the actual conditions in which a worker is injured, falls sick, or is killed in the performance of duty."

Commencing where the family loss is greatest, the Division for 466
some years acquainted employers of workers killed in the line of 633
duty with the standards of the Chinese Government Factory Act. 471
Later cases involving workers seriously injured were also taken up. This law was not applicable to foreign employers who were citizens of countries with extra-territorial rights.[8] It was found that the

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the average wages of three years, nor be less than the average wages of one year;

(3) For the worker killed in the course of his or her employment, the factory shall, besides giving fifty dollars for funeral expenses, pay to the legal heirs a compensation of three hundred dollars and two years' average wages.

The average wages mentioned above shall be calculated on the basis of the wages for the last three months of his or her employment in the factory.

Funeral expenses and compensation shall be paid all at once, while allowances for injury or sickness or disability may be paid by instalments.

[8] See pp. 8, 9 for cases involving United States companies and the viewpoint of the U.S. Court for China. In enunciating the principles underlying compensation the Court stated: "It has long been recognized that accidents to workmen in industries are bound to occur where no actionable negligence can be attributed to the employer under common law principles. The hardship and suffering entailed by inevitable accidents, the burden of litigation to poor workmen and their families, and the harassment of unfounded litigation to employers where there was no legal liability, are all factors which helped to bring about the compensation acts. However, the most compelling reason was the conviction that social justice fairly demands that industry should bear the cost of industrial accidents and that labourers injured in the line of duty should be compensated for disabilities regardless of who was or who was not negligent."

466 633 471 law was an instrument in inducing payments somewhat more adequate, and standards improved year by year. Rising costs of living and falling dollar values made the actual dollar standards of the Act inapplicable. Employers showed a willingness to adjust to changing economic situations in amounts of compensation paid.

In 1940 amounts of compensation were known in 35 cases, 21 of which were Chinese-owned enterprises, nine Japanese, two each American and British, and one German. Amounts ranged from $500 to $2,000. One American enterprise regularly paid compensation based on the number of months of service together with cost of living percentage allowance in force at the time of death, and a sum of $15 per month payable till the eldest son was 14 years. Another, a Chinese enterprise, agreed to pay $30 per month during 12 years till the eldest son should earn.

In 1941 compensation for accidents resulting in deaths was known in 19 cases, and for serious injuries in 12 cases. Of the total of 31, 19 were in Chinese concerns, six in Japanese, three in British, two in American and one in a Swiss enterprise. Amounts ranged from $500 to $6,000 in cases where death occurred. Five months' wages were paid by a Chinese concern where a worker lost fingers; another Chinese plant paid a year's wages for loss of an arm. A silk weaving factory, Chinese owned, paid $500 to an apprentice who had lost an arm; a Swiss metal industry drew, from an insurance company, 1½ years' pay and allowances for a worker who had lost his leg.

466 633 A compensation arrangement such as probably never occurred elsewhere was made in the case involving the breaking of a leg of a young girl of eleven years of age. She had been employed as a substitute by a somewhat older girl to work in a stocking factory and had fallen over a horizontal shaft, causing the injury mentioned. The management claimed it had no responsibility for her presence in the factory—a view which it was not allowed to maintain. The Division finally induced the management to pay hospital expenses and to provide compensation in the form of one pound of soya bean milk per day delivered to her home for a period of six months. The Division saw the receipt for the account for the milk, which was paid in advance.

466 Looked at in the light of the relation between compensation payments in the case of death of a worker and the needs of a family

deprived of its means of livelihood through the loss of its bread- 466
winner, and taking into account the cost of living, it cannot be said that even the most generous payments were satisfactory. The majority of laws in western countries provide for a lump sum payment, though there are instances of compensation in annual payments, assuming thus that a family has continuing needs. When the minimum subsistence cost for a family in Shanghai was CRB $126 in July 1942, even the highest payment of 1941, $6,000, would last only about a year if the capital were to be lived on. It would be insufficient to produce an income even if the knowledge were possessed as to how to invest it.

Nevertheless there was developing a more modern viewpoint concerning payments arising out of death or serious injury of an employee. There was less talk of a "compassionate grant," and more recognition of the principle enunciated in a footnote earlier in this chapter, the view of the judge of the United States Court for China, that "social justice fairly demands that industry should bear the cost of industrial accidents and that labourers injured in the line of duty should be compensated for disabilities."

Low wages precluded the possibility of savings on which Chinese 456
workers in Shanghai could draw in the event of a period of unem- 466
ployment. In many western countries unemployment insurance is designed to prevent the level of life of those unable to find work from descending to a point which is against the interests of the worker, his family and the state. In Shanghai there is chronic unemployment, but unemployment insurance, a function of an advanced industrialised state, did not exist. Industry itself attempted to temper the incidence of loss of employment with the payment of an allowance on termination of work.

Amounts paid differed greatly and depended as a rule on the 466
length of the discharged worker's employment. The Factory Act embodies the principle of payment on discharge, but the amounts specified are small.[9] In practice, allowances exceeded those of the

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[9] *Article 27*: Unless a longer period of notice is provided for in the contract, the period of notice shall be as follows:—

(1) A worker who has worked in the factory consecutively for more than three months but less than one year shall be notified ten days in advance;
(2) A worker who has worked in the factory consecutively for more than one year but less than three years shall be notified twenty days in advance;
(3) A worker who has worked in the factory consecutively for more than three years shall be notified thirty days in advance.

466 standard of the law. In 1941 one enterprise paid the equivalent of nine months' wages. In 1934 a case reached the Court which awarded only the dismissal allowance as provided by the law, but ordered payment of ten months' wages during strike—as the period during which workers refused to accept the conditions of discharge was called. The amount paid usually did not exceed two or three months' earnings. When this was exhausted there was no further fund on which to draw.

464 While in some cases workers clung to the opportunity to work 466 by all possible means, refusing to accept discharge, in other cases there was an indifference to loss of employment which can only be explained by the fact that its conditions were such that its loss was not regretted. Many enterprises complained of a great labour turnover. This was particularly true in cotton textile mills where, though no accurate figures are available, the movement in and out constituted in some cases a traffic. A twelve hour day or night might well engender a feeling that loss of the opportunity to work so long was indeed little deprivation. Earnings, too, in many cases were not sufficient to be the cause of struggling to keep an employment which did not reward more completely. There was need of realization by employers that some of their troubles of labour turnover would have disappeared with more favourable, not to say more reasonable, conditions of work and rewards.

633 Following the outbreak of Pacific hostilities, many enterprises had to close. The question of discharge allowances was then one 466 which affected simultaneously many workers and many factories. 722 The Division exerted every effort to have a uniform and adequate basis of discharge allowance announced, and in a memorandum to the Japanese authorities pointed out the cost of living and the social significance of giving as generous a sum as possible in the absence of any unemployment insurance. Japanese financial authorities, however, refused to permit the announcement as a principle of more than one month's pay as discharge allowance, with a second month's if the worker left Shanghai, the amount to be payable at destination. Even this meagre amount the Japanese supervisors of some former foreign-owned plants would not permit: in some

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Article 29: Factories which terminate a contract in accordance with the provisions of Article 27 shall pay the workers, in addition to their regular wages, half of the wages due for the period of notification as stipulated in the said Article.

cases a mere $50 was forced on workers and their protests were 633
given no attention. Former foreign owners whose funds were 466
frozen in banks were powerless to help, though in many cases
anxious to do so. Many Chinese owners, on the other hand, having 722
access to their funds, made pay-off allowances considerably in excess of the standard which the Japanese permitted to be announced. Some paid six months' earnings. Most of the disputes which the Division mediated in the first half of 1942 were associated with discharge allowances.

THE COMPLETE COLLAPSE of all former earnings standards which 000
resulted from the Pacific war has brought untold suffering. At the time when currency stabilisation will again be effected after Japan has been defeated, it will be well to give some consideration to the relation between earnings and cost of living. New standards of industrial earnings could be set in the reorganised currency, earnings based on careful studies of what it costs to maintain a family on a nutritionally adequate diet. This is not impossible, as subsequent chapters dealing with food and nutrition will attempt to show. Without greatly increasing the cost to the people, and without basically changing the Chinese diet, it should be possible through administrative action to eliminate frank deficiency diseases and to secure freedom from less obvious but real malnutrition. If there is some additional cost, earnings should be adjusted to meet it. Earnings in Shanghai's industry should no longer be determined solely by the fact that earnings on the land nearby are low: indeed, it is hoped that farm earnings also will rise. The excellently equipped cotton mills in Shanghai which will be restored even if they are in part destroyed upon Japanese withdrawal should not be operated in world competition with workers paid less than a subsistence wage. The concept formerly held that wages of principal wage earners could remain low since a second member of a family worked as a rule should find no place as a basis for setting standards of earnings. If no other good can come from the great suffering of the Chinese people in their many years of war it is to be hoped that the shaking to the foundations of old and inadequate standards may, when stabilisation comes, bring with it some new attitudes to what is due to workers. In the industry and quality of her people China has inestimable

CHAPTER V

EMPLOYMENT RELATIONS

In the 1935 census the Shanghai Municipal Council made its 463
first attempt to analyse the occupations of the Chinese population of the Settlement. Of a total Chinese population of 1,120,860, some 204,849 were stated to be employed in industrial occupations, while 207,455 were listed as occupied in trade, finance and transport. It was clear that Shanghai was not only an important commercial city, the entrepôt of the Yangtse Valley, but that its industry was of equal importance with other occupations in providing employment for and ensuring the livelihood of the Chinese population.

Surveying the industrial scene in 1934-35, the Industrial Division listed 3,421 factories and workshops employing 170,704 persons. This survey was a door-to-door study extending over sixteen months. The greatest number of workers—more than 75,000—was found employed in textile trades, including cotton spinning, weaving and dyeing, silk reeling and spinning, and wool and jute mills. Figures for 1936 are not available. The effects of the 1937 hostilities upon employment were serious, for at the end of 1937 only 21,500 were employed in industrial enterprises. By the end of 1938 it was estimated that 178,000 were back at work in Settlement and western extra-Settlement areas. In the early part of 1941 figures of employment reached 257,900, of whom 138,000 were employed in textile operations. Women workers predominated in the textile trades and, accordingly, represented a large proportion of the industrial workers in the Settlement. Textile industry was "light industry"; with the exception of a few plants, Shanghai had little "heavy industry."

In many western countries it is generally accepted that the 466
relation between worker and employer should preserve the independence of the worker as much as possible. His earnings should be sufficient to permit him to live the life of a member of the

community, using his leisure as he sees fit. His employer should have no control over him outside his working hours. His relations with his employer should be direct, and he should have no occasion to pay anyone for the favour of employment.

In the majority of cases employment relations in Shanghai followed this desirable pattern of direct employment with an independent life for workers outside working hours. But frequently they did not. Sometimes an intermediary between worker and employer was entitled to part of the worker's earnings. In some cases, in fact, intermediaries were entitled to all wages during a contract period. In some plants workers received part payment in food and lodging instead of handling the cash equivalent of their earnings. In short, many employment relations existed which were by western standards undesirable, and which should alter before industry in Shanghai can function on a modern basis.

Workers frequently paid sums to a middleman, usually a foreman or forewoman responsible for hiring or discharging labour. A part of the first month's wages may traditionally have been given as a "gift," and a percentage of the monthly earnings thereafter might find its way into the foreman's pocket. Although in modern plants the responsibility for labour recruiting was assigned to staff managers directly in the employ of the enterprises, there was no final guarantee that such a labour manager or those under him might not in turn be the recipients of gifts, and nothing but the watchfulness of employers had prevented abuse of an office. If the number of persons authorised to give employment was reduced, the possibility of control increased.

Even where it appeared that a more modern arrangement existed, where there was a personnel department with an employment manager directly in the employ of the company, the management was not always a completely free agent in the handling of its affairs. A "gang" might have influenced the relations between the employer and his workers. There was often in the district a gang leader, a *lao t'ou tse,* (literally "old head") with considerable authority. If there were a difference between the management and the workers, the management had often to accept the mediation of the *lao t'ou tse*, who might even be responsible for having fostered the dispute. Moreover the management might have to employ workers whom the *lao t'ou tse* saw fit to recommend. The *lao t'ou*

tse might be powerful within a trade instead of a district. The real 466
employment manager of several large textile mills in the Settlement was prior to December 1941 one *lao t'ou tse*; the personnel managers and even the management of these enterprises appeared to bow to the influence of this powerful "boss."

INDIRECT EMPLOYMENT through contractors was an unsatis- 466
factory state of affairs. In a few instances the efforts of the Indus- 633
trial and Social Division were successful in inspiring or assisting
its elimination. In some textile mills contractors were formerly 465
paid on the basis of the amounts of yarn produced. The system dated from earlier years. The contractors employed the workers and distributed their earnings to them. The management had no means of knowing whether the total earnings due the workers actually reached them or whether, as was probably the case, a considerable percentage was retained by the contractors. The closing down of these mills at the outbreak of hostilities in 1937 gave an opportunity to a management which had long desired to do so to rid itself of this incubus.

During an industrial dispute in an oil mill in which the services of the Division were sought, it was found that workers were both employed and paid by contractors. Base monthly wages paid by the management to the contractors were at a certain rate, but the amounts actually reaching the employees were less, part being retained by the contractor. The settlement of the dispute provided an opportunity to persuade all parties to abandon the contract method of operation, the contractors becoming actual employees at a remuneration sufficient to indemnify them. The new plan was outlined in a collective agreement to which a Division Mediation Officer was a party, and the several hundred workers, in a mass meeting, were informed by the Officer that in the future they would be entitled to the whole of their earnings.

But the old system remained in many spheres of industry. Trans- 466
portation workers, workers in flour mills, in some textile mills 465
and other undertakings were employees, not of the enterprises themselves, but of contractors engaged by the management. One industrial dispute showed that the *kung t'ou*, or work head, was paying the workers on a unit basis less than he reported to the management, and that the management meanwhile was under

465 the impression that the men's monthly earnings were greater than those they actually received.

466 In addition to the practice whereby contractors employed labour and carried out work on behalf of the owners of industrial enterprises, there was one in which intermediaries only supplied labour. Contractors entered into agreements with the parents or guardians of adolescent girls, usually of country origin, by which, in return for a cash payment and an undertaking to provide food and lodging during a contract period, usually three years, they became entitled to the total earnings of the girls until the expiration of the contract. The system bordered on one of slavery. Girl workers, completely in the control of hard taskmasters, were forced to work the long 11-12 hour day or night shift which was the rule in cotton textile operations, and in return were miserably housed and fed. For the term of the contract their earnings passed out of their hands. Only when the contract was worked out to its limit, when all days lost through sickness and unemployment had been made up, were workers free to enjoy their own earnings. In the eyes of some employers who suffered from a rapid labour turnover, this disciplined supply of labour was advantageous. In recent years, however, several Chinese cotton textile mills abandoned this method of labour recruiting, and though it still persisted in a few Chinese companies the trend was toward direct employment of labour. It did not exist in some foreign mills, but many employees of Japanese mills were under contract. It was not in point of fact always possible for employers to tell whether their workers were free or under contract. Some employers declared that they paid wages directly to those who earned them, and that their responsibility ended there. But in some cases they were aware that girls were under contract and condoned the fact. They knew that though their wages were paid directly, the workers had to surrender them to their masters or mistresses.

466 In some textile mills where the use of workers supplied through contractors was passing, there arose a system of housing workers in dormitories supplied by the factories. In this case the workers were frequently recruited from the country directly by the mill, whose representative brought them to the city. From the point of view of the management, this measure ensured a more

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stable working force. Absenteeism was lessened by having workers in a dormitory on the factory compound under supervision, where the familiar excuse of illness might be checked. The managements did not act on the idea, if indeed it occurred to them, that a fundamental cause of absenteeism of those free to stay away and of rapid labour turnover might be the excessively long hours of work in vogue in the cotton mills. When business conditions warranted it, mills operated 24 hours daily and workers worked an 11-12 hour day and, alternatively by weekly changes, an 11-12 hour night shift. Sheer fatigue and weariness might well be the cause of staying away from work, or resigning from employment, if a stage were reached when the human body refused to face the next interminable shift.

In 1933 one large Chinese cotton mill built an extensive new compound and included within it a dormitory for women workers, despite the pleas of the Industrial Division that this system, well known in Japan, should not be introduced to Shanghai. Since then the number of dormitories has steadily increased. Twenty-two large dormitories for women and seven for men were known, and many more plants provided housing accommodations for lesser numbers. The Division believed that less good housing outside factory precincts was preferable, since it held that the control of industrial management over the leisure as well as the working time of employees was not to be encouraged.[1]

The living of workers at their places of employment existed in China long before the coming of modern industry. Still today in many small workshops employees sleep on the premises—usually in the very room where they have worked during the day. They merely unroll their bedding on the floor or on some other flat surface. They also eat food supplied by the management. This acceptance of food and lodging as part payment of earnings resembles the system regarded as an evil in the western world where it is known as "truck." Until workers receive wages sufficient to provide for their own food and the needs of their families, they cannot be considered independent. There must be a new concept of what is due to workers in return for their labour before such practices as payment of wages in kind rather than in money will disappear.

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[1] See the discussion on Industrial Housing, Chapter VII.

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IN THE CASE OF APPRENTICES, food and lodging were virtually their entire remuneration. Many enterprises operated almost wholly upon so-called apprentice labour. Since in many instances little skill was learned, but repetitive machine processes alone were involved, a young worker learned all there was to learn within a few weeks of entering an enterprise. Yet, for two or three years, he had no earnings other than his food and a place to sleep, and a very small sum for such needs as a monthly haircut. Much of the small-scale industry of the Settlement was built on the work of overworked and unpaid young people.

A study of the health of workers in the chromium plating and polishing trades made in 1936[2] showed something of the situation obtaining among young workers. The report stated:

> The use of young boys in workshops in Shanghai is a common feature. Gear's study of printing works found 63 per cent below 20 years of age: in the plating and polishing trade the percentage was 70. Workers came from no fewer than 28 places in neighbouring provinces; only six belonged originally to Shanghai. Fifty-five per cent have been less than four years in Shanghai: 62.5 per cent have been less than four years in the trade . . . The mode of working hours of the 200 workers examined is 11: that is to say, the greatest number of workers work 11 hours per day . . . the mode of rest days is two per month, but 35 per cent have less than this number.
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> The apprenticeship system in China, of which this is an example, has often been described, but perhaps nowhere do its evils demonstrate themselves more clearly than in the trade now studied. There is a generally accepted view that the owner of a factory or workshop frequently takes into his service young lads who come from his own town of origin and are known to him, and that on this account he exercises a paternal interest in their whole well-being, even if they have to work very hard. The present study has revealed that while this may be true to some extent, a situation far otherwise exists concurrently. An entrepreneur, who may have paid a visit to the country, may bring back a small boy promising his parents that he will have him taught a trade. He goes from workshop to workshop till he finds a master who is in need of another unpaid assistant. He hands the boy over. The new master may not know his name or any facts concerning him. . . .
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> An enquiry was made as to whether, in the workshops studied, there had been any formality in the drawing up of an apprenticeship contract. Nothing of the kind was found, however. While in older crafts

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[2] Under the direction of Drs. Bernard Read and Lee Wei Yung of the Henry Lester Institute of Medical Research, and others, and published in the Special Report Series of the Chinese Medical Association.

this practice may be more general, it is certain that in the newer occupation here represented this safeguard is absent. 467 The Chinese Government Factory Act, apparently recognizing that in the apprenticeship 466 system the exploitation here described is widespread, requires that all apprentices shall have a contract which shall lay down the terms of employment. Masters are required by the law to provide teaching in the trade, and to provide board, lodging and an allowance. The law places the lower limit on the age of commencement of the apprenticeship at 13 years, and restricts the processes in which they may be employed, eliminating those dangerous to health or likely to subject the young workers to undue hazards. Specifically they must not be employed in places where they are exposed to dust or poisonous gases. Finally the number of apprentices who may be taken may be limited by the authorities. It is obvious that these protective measures should be enforced at as early a date as possible. . . .[8]

This description of the exploitation of young workers under the 466 so-called apprenticeship system needs no comment. From the point of view of the authorities, attainment of the legal standards could make little progress during years of war and economic stress. But the need for improvement remains.

Considering all the controls enumerated above, workers would seem to have enjoyed little freedom either in obtaining employment or afterward. Yet there was self-respect among Chinese workers. Many lived freely outside the precincts of their places of employment, were fathers of families and living with them, happy in their relations with their fellow-men despite earnings which were for the most part insufficient for the full needs of their families. This individual character of workers, which no amount of dependence on others removes, augurs well for the final emergence of a more independent labour force in China.

How CAN THE AUTHORITIES aid in future in removing some of 466 the evils in employment relations?

As yet, except for the influence which has been exerted in a few instances toward the elimination of employment through contractors, little has been done directly. One administrative instrument which would help to remove some of the more blatant evils,

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[8] In Chapter IX, dealing with the education of young workers, will be found reference to efforts to raise standards of employment and training for trade apprentices who are apprentices in the western sense. Chinese apprentices are called *t'u ti*, "young learners"; those learning a skilled trade are *i t'u*, "skilled learners."

464 633 vent the recruitment, but the Division exerted its influence to see that as far as possible workers who accepted service would do so willingly, that they knew to what they were going. Efforts were made with recruiters to have them given contracts in which was written a fixed period of service. Workers were to be told by the Division that if they lost contact with their families they could inform the Division. The object was to prevent employment at a distance from becoming a cause of broken families. As events turned out, recruiters met with little success. The Division refused to become a promoting agency, taking the stand that its function was to safeguard the interests of recruited workers. Chinese skilled workers refused to enlist. Some attempts later by Japanese military to requisition Chinese residents of the Settlement for forced labour with Japanese forces were checked upon representation of the Division and the active cooperation of the Japanese Chairman of the Council.

466 A DIFFICULTY IN obtaining employment which applies to both adult and young workers is the requirement by most industrial enterprises of a guarantee prior to employment. The would-be worker must find some one who is willing to guarantee that in the event of his proving unsatisfactory in employment the employer will be in some measure indemnified by a cash payment. In China there exists a "shop guarantee," where, in return for a fee, a business enterprise guarantees the good behavior of a worker. A guarantee is, of course, known in western employment relations, but for the most part it is required only of those in positions of high trust where the handling of funds is involved, when such employees are bonded by regular insurance companies in return for a payment.

The widespread use of the guarantee may form a difficulty in the path of a public employment service, but not necessarily an insuperable one. The existence of nepotism is more likely to prove an obstruction in getting the services of an employment office accepted. The desire of someone already employed to obtain work for a relative or neighbor has led to some occupations becoming the preserves of certain groups. Employers, too, feeling hesitant about employing those entirely unknown to them, like to take as new employees those recommended by their own work-

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ers. Since public employment facilities, if they existed, and older methods of employment must function side by side, and since for a time at least these facilities would confine their attention to the placement of skilled workers, no conflict incapable of being resolved should emerge. As time goes on, the possession of a skill which the worker has to sell and which the employer needs to buy should become the basis of new employment relations.

It will be skill which will contribute to freer employment relations where personal favour or the possession of a guarantee will be less important. The Division, in its experimental beginnings in technical training, had this fact in mind.[4]

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[4] See Chapter IX.

disposed of by the benevolent society or a public agency. The 766
issue is at base that laboured sufficiently in preceding pages—low earnings of employed workers.

THERE IS A GROUP OF workers in Shanghai whose conditions of 494
employment were such that the public called for special investiga-
tion of them. These are the pullers of public rickshas, one of the 466
many groups of workers engaged in transportation—an industry 471
which in China even prior to December 1941[8] depended more on human labour than on mechanized vehicles. The pullers of hand-carts, and those who use a pole on their shoulders for carrying loads, are also transportation workers, but there was little public interest in the latter groups, even though their work is in some respects as arduous as that of the ricksha pullers.

In 1933, at the suggestion of the Rotary Club, the Council undertook an enquiry into the working conditions of public ricksha pullers. This group of pullers does not own rickshas but hires them on a twelve-hour shift. The conviction of the community was that the pullers were being exploited by the owners of the rickshas or by their agents, sub-contractors through whom the rickshas were leased. The committee of enquiry examined the advisability of centralising the public ricksha industry in a utility company, and did in fact finally recommend that a beginning be made by the organisation of one company to operate a fleet of two thousand vehicles. The committee felt that little could be hoped for in the way of better care of vehicles and better conditions of operation for the pullers as long as the rickshas were owned by more than a thousand individuals.

It transpired that since the number of public rickshas was limited to about ten thousand, the Council's ricksha licence to operate a ricksha had acquired a fictitious value of several hundred dollars. Owners sought to recover as rent an investment return, not on the price of the ricksha and the cost of a licence, but rather on the money paid by them to the holder of a licence based on the enhanced value of the licence itself. Hence pullers were paying a rental out of all proportion to their earning capacity.

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[8] After this date no further importations of gasoline took place and motor traffic disappeared largely from the streets except for vehicles on public service. Some were converted to be used with substitute fuels.

466 A study of the livelihood of the pullers made by the Industrial
494 Division showed that the puller had each day to pay forty-seven
per cent of his earnings for the rent of his vehicle. The large
427 number of rickshas on the streets introduced an element of competition for "fares," with the result that, after a long day's work, a puller would sometimes find himself with only enough money to pay the rent for his ricksha. Moreover, a puller cannot work every day. If he pulls as many as twenty days in the month, it is all he can do. The long hours of running demand long resting periods, at least one day in every three.

494 The Council adopted the Committee's recommendations that
the rental should be fixed by the Council, and that, in order to
745 form a pullers' welfare fund, a sum should be added to the rental, which owners would collect and deliver to the Council when paying for their licences. This plan was in effect an elementary form of social insurance where the puller paid all the contributions, since they came from an enlarged rental, but the necessity for meeting many kinds of need precluded adequate arrangements being made for any one of them. An organisation arose, known as the Pullers' Mutual Aid Association, with trustees appointed partly by the Council and partly by the Chinese Ratepayers' Association. The number of pullers was so large that not all could benefit from the social work. One of the largest social programmes in the Far East nevertheless came into being with the "P.M.A.A." It operated tea and bath houses, a hospital for pullers, paid expenses in other hospitals, paid funeral expenses, operated schools for pullers and for their children, and served the group in many other ways.

494 Pullers had to register with the police. The turnover in pullers
464 was very considerable. A study made by the Ricksha Control Officer in July 1940 showed that only two per cent of those still pulling had been registered in 1934. In 1940 eighteen per cent were newly registered.

494 With rising living costs in the years after 1937, owners of public
427 rickshas petitioned regularly for permission to increase ricksha
434 rents. To enable them to pay higher rental charges, ricksha pullers
511 had to earn more. At intervals, and always prior to allowing any change in the hire charges, a study was made of the earning capacity of the puller. He proved able to adjust his earnings to his increased living costs and higher rental charges to a degree at first believed impossible.

CHAPTER XII

THE PAST DECADE AND THE SOCIAL FUTURE

466 THIS STUDY HAS sketched briefly the history of efforts to lay the foundation of better conditions of employment and livelihood for workers, particularly industrial workers, in the International Settlement in Shanghai. The problem has been partly political, partly administrative, and largely economic. The survey covers in time nine and a half years of endeavor. At the middle point of this period, Sino-Japanese hostilities broke out, disrupting industrial and economic life and sweeping away some signs of achievement. There followed years, first of reconstruction and recovery, and later of recession into which world-wide forces have largely entered. Then after nine years came Pacific hostilities, confronting the city with extensive unemployment, many problems of food supply and control, and of price control.

What was accomplished in almost a decade of effort? The informed observer who assessed the general physical conditions of work in the International Settlement in 1941 would have found many modern plants where he would regard physical conditions as satisfactory. They were spacious, well lighted, airy. Machinery was guarded, boilers were regularly inspected, welfare features such as factory clinics and factory dining rooms were in evidence. He would have been less satisfied with a working day far too long. Against these more modern plants he would have to set the hundreds, the thousands of enterprises on premises not originally intended for industrial use where conditions of employment were appalling. In what ways, the observer would ask, has the influence of the administration exerted itself in these? The answer would be that the task of achieving better standards is one of large dimensions for which time and a large staff are essential. For these enterprises the measuring rod is not whether three decades of uncontrolled industrialisation can be reformed in a fourth decade, but whether fundamental attitudes toward life finding expression in conditions of workers' employment, and attitudes with ancient

roots social and economic conditions, can easily be changed. 466
China has had a long civilisation. The leisure to enjoy it, and its expression in manners, literature and the arts have been bought for the more fortunate in China, as elsewhere, by the work of others. Low economic standards of the masses have compelled them to serve others, often in return for a meagre reward. Hence it is not surprising that, with the coming of urban industry, the leisured owner of capital has had few compunctions about working employees indefinitely long hours with very few holidays, for a remuneration often inadequate to meet their families' needs, and under completely unsatisfactory physical conditions. Non-Chinese manufacturers, introducing into this country the factory system and machine industry, did not always bring with them the best standards of the west, and it is not surprising therefore that Chinese industrialists who followed them proceeded on unsatisfactory lines. Japanese industrialists also erected modern plants and installed the most modern machinery, but Chinese workers were to them a means of profit. Under these basic circumstances it is not strange that progress was slow.

Yet the picture was not entirely black. Far from being conservative and without adventure, more and more modern Chinese industrialists welcomed new social ideas as well as mechanical concepts. They often desired, once their interest was aroused, to be in the forefront in accepting new principles and in putting them into operation. Possessing the excellent qualities of their race, heirs of the philosophical content of their country's history, they were essentially governed by reason, and in particular frequently showed sympathetic understanding of the modern concepts of employment conditions and relations.

As had been laboured sufficiently in the foregoing chapters, 466
however, the fact was that the normal functions of an administra-
tion interested in improving working conditions were beyond 633
reach. Clearly expressed laws and regulations, to which all enterprises must adhere or else be haled into court, are the usual instruments of administration. Until political conditions give the authorities power to exercise control in this way, the most that could be done was to lay foundations for the future, meanwhile achieving whatever improvement might be. The prerequisite for the efficient execution of any administrative programme is a trained staff. This

466 was built up. Competent officers were in charge of Sections. A 633 foreign engineer in the Industrial Section, with foreign and Chinese inspection staff, added daily to their knowledge of industrial processes and did what could be done to improve working conditions. Chinese mediation officers in the Industrial Relations Section built up a technique and relationships with both workers and employers. A Chinese statistician, with a staff of assistants, calculated the cost of living indices month by month, and forged instruments to gauge the relative economic position of workers from time to time. And a Chinese woman welfare officer developed, with trained Chinese social workers, programmes in industrial and social welfare including child protection.

Many fundamental issues were not faced by the authorities. Largely this was perhaps because the Council was unduly obsessed by a sense of its lack of constitutional powers. But in imagination it lagged behind the Division—its administrative arm—in making resort to procedures of education and persuasion where force was lacking. Perhaps it was thought politic to leave to the pragmatism of departmental practice—by trial and error—what seemed precluded from enunciation in terms of policy. There was never a Council decision, for example, as to what should be the length of the working day, or how many rest days workers should have each month. No Council committee debated what minimum standards should be recommended to industrial enterprises. Latterly, because of the great rise in living costs, the Council paid close attention to the basis of the people's livelihood; but it did not consider whether any other influence than the publication of facts about the cost of living should be exerted to obtain more adequate wages for workers.

If low standards of employment were in part the result of insufficient capital, this fact should have been recognised. It was not beyond the capacity of Shanghai to supply capital for co-operative enterprise with better conditions of work. A procedure for mediating in disputes existed but its functions were not discussed by the authorities. The attitude of the Council toward labour organisation was not defined, although labour's group activity and power were extensive, even if inchoate. Much more remained to be done in Shanghai.

722 AT THE TIME OF writing almost complete silence rules as to the situation in Shanghai as in other parts of Japanese-occupied China